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Soviet Trade Needs Called Substantial

U.S. Report Suggests High Vulnerability to International Market Forces

By Robert D. Hershey Jr.
 New York Times Service

WASHINGTON — The Soviet Union is dependent upon foreign trade to a far greater degree than Western analysts have long assumed, and this is more vulnerable to economic sanctions, according to a study recently issued by the Commerce Department.

The new data, released Monday, describe an economy quite unlike the conventional Western view of a Soviet Union that is largely self-sufficient and insulated from world markets. "The new analysis shows that the Soviet Union is more open to the influences of international market forces than many people have believed," said Bruce Chapman, director of the department's census bureau. "That, in turn, suggests greater Soviet vulnerability to economic sanctions than has been understood up to now."

The Reagan administration recently tightened restrictions on the use of U.S. equipment and technology for a huge natural gas pipeline that would carry Soviet gas from Siberian fields to Western Europe. These sanctions, which apply also to foreign licensees of American companies, have met widespread resistance abroad.

The findings also tend to support the view of Defense Secretary Casper W. Weinberger, who has maintained that the sanctions would prove effective in denying the Russians a source of hard currency, from the sale of gas, that could be used for armaments. Former Sec-

retary of State Alexander M. Haig Jr. is known to believe the sanctions would be ineffective. The Commerce Department report declares the Soviet Union's participation in world trade to be "two to three times higher" than has been previously recognized, with the ratio of Soviet imports to its national income rising to 20 percent in 1980 from about 9 percent in 1970.

"The importance of this conclusion cannot be overemphasized," said Vladimir G. Treml and Barry L. Kossinsky, authors of the study. "The long-held notion that Soviet foreign trade is unusually small for an industrialized nation should be discarded. Foreign trade has clearly played an increasingly significant role in the Soviet economy."

In a related development, the Agriculture Department predicted Monday that the Soviet grain harvest this year would total only 170 million metric tons, 15 million tons less than was forecast last month. The result of this poor harvest, the fourth in a row, means the Soviet Union can be expected to import about 40 million tons of grain, Canada on Monday confirmed an extension of credit of up to \$1 billion to the Soviet Union to buy Canadian grain.

Meanwhile, it was reported from Moscow Monday that a Leningrad factory began mass producing high-powered pumping equipment designed to supplant Western supplies that have been cut off. Moscow television showed employees at the Nevsky engineering factory

working on a new turbine that was draped with banners saying "Our Working Answer to Reagan."

Soviet officials have insisted that Moscow can, by itself, build the pipeline, which many Westerners regard as giving the Soviet Union undesirable leverage over European energy supplies.

One of the main reasons for Western underestimation of Soviet trade dependence has been the disregard for the difference between internal Soviet prices and the market prices by which imports and exports are measured.

The study's authors were able to estimate imports based on the real value of the Russian ruble in the Soviet economy, derived from domestic prices.

The lower previous figures were based on the formal exchange rate for the ruble, which is not used in international trade, and they overstated its value. In effect, the previous figures understated the value of Soviet imports and overstated the value of their exports. The new study put the value of Soviet exports at about 7 percent of Soviet national income.

This system of pricing, together with the inconvertibility of the ruble, has led Western analysts to neglect almost entirely the issue of domestic prices in the trade sector, the analysts said.

The main difference between domestic and export prices, they said, is the need for "basic (Continued on Page 2, Col. 4)



George P. Shultz at Senate confirmation hearings Tuesday.

Shultz Backs Sending Marines to Lebanon, Stronger Ties to Arabs

The Associated Press

WASHINGTON — George P. Shultz, the U.S. secretary of state-designate, said Tuesday he supports sending U.S. troops to Lebanon as part of a multinational force in Lebanon "if it can be done properly and safely."

Mr. Shultz, in confirmation hearing before the Senate Foreign Relations Committee, also said that "beyond the issues of the moment, the importance to our own security of wide and ever-strengthening ties with the Arabs is manifest. It is with them, as well as Israel, that we will be able to bring peace to the Middle East," he said.

"Asked about President Reagan's agreement in principle to send 1,000 Marines to Lebanon, Mr. Shultz said he thought it would be worthwhile "if we can remove the PLO fighters from Beirut and get them somewhere else."

Sen. John Glenn, Democrat of Ohio, a former Marine who had raised the question, told Mr. Shultz, "If it can be done safely, we don't need the Marines. If it can't be, we are going to have a lot of funerals over in Arlington [Memorial Cemetery] with Marines coming back in body bags."

"I don't agree with you," said Mr. Shultz. "I think the presence of people who are capable of maintaining the peace contributes to it."

In an opening statement at a hearing on his nomination to succeed Alexander M. Haig Jr., who resigned June 25 over unexplained policy differences within the Reagan administration, Mr. Shultz pledged to work with Israel toward a comprehensive Middle East peace.

Mr. Shultz said that no one should "dispute the depth and durability of America's commitment to the security of Israel or our readiness to assure that Israel has the necessary means to defend herself. I share in this deep and enduring commitment."

He said representatives of the Palestinian people should be involved in the negotiations to find a Middle East peace. Mr. Shultz did not refer specifically to the PLO in this context.

Later, when asked if he favored including the PLO in the talks, Mr. Shultz was noncommittal. "If they get off this guerrilla kick, then they are one voice of the Palestinian people," he said. "Whether they are the voice is another question."

Before he discussed foreign policy issues at the hearing, Mr. Shultz, who was Treasury secretary and secretary of labor in the Nixon administration, told the committee he will sever all connections with the Bechtel Group, a worldwide engineering firm with large Arab contracts. His presidency of Bechtel has prompted questions from some senators as to whether he would be impartial in the Mideast.

"During the last few days, a number of senators have asked me to address myself to the question of my relationship to Bechtel should I become secretary of state. To those questions, I see only one possible answer: none."

Mr. Shultz said he had already submitted his resignation, effective when he is confirmed, as president of Bechtel and an officer of some of its subsidiaries. He is also selling his Bechtel stock and said he would disqualify himself from any decision affecting the worldwide engineering firm.

Mr. Shultz said he agrees with President Reagan's decision to try to prevent the European allies from using U.S.-licensed equipment in construction of a natural gas pipeline from the Soviet Union to Europe, even though the decision has angered the allies.

He also said he opposes a freeze on nuclear weapons because the aim of the Reagan administration is to reduce the number of nuclear arms.

Asked whether he favored a U.S. commitment not to be the first nation to use nuclear arms in a conflict, Mr. Shultz said the United States would not be the first to use nuclear arms in Europe, but that if someone else used them, "we have to preserve the option and uncertainty of what we are going to do."

He said he agreed that the United States should sell defensive weapons to Taiwan, including jet aircraft, when it is determined they are needed. He said good relations with Peking are a "matter of great importance," but he also believes the U.S. obligations toward Taiwan under the law should be "faithfully" carried out.

In response to questions by Sen. Charles H. Percy, Republican of Illinois and committee chairman, Mr. Shultz said that "this would not be the time to negotiate a true long-term grain agreement" with the Soviet Union in view of what the administration regards as Soviet-backed repression in Poland.



Two women waited Tuesday with their belongings for transportation to Christian-held East Beirut. The road marks the "green line" that divides the eastern sector from Moslem-controlled West Beirut. An Israeli Army checkpoint is at the top of the hill and a Palestinian crossing point is a few yards from the women.

Iran Gathers Troops at Iraq Border; U.S., Gulf Nations Fear Invasion

By Michael Getler
 Washington Post Service

WASHINGTON — Iran is amassing its military forces for what appears to be a full-scale invasion of Iraq, a prospect that is causing great alarm here and in several Gulf countries, according to U.S. officials.

White House, Pentagon and State Department officials agreed Monday that an invasion by about 80,000 Iranian troops forming near the border with Iraq could come within a matter of days.

An Iranian invasion could topple the government of Iraqi President Saddam Hussein, the officials said. A victory by the forces of Iran's Ayatollah Ruhollah Khomeini could also threaten governments elsewhere in the Gulf with another outbreak of aggressive Islamic fundamentalism and create serious new diplomatic and security problems in the oil-rich region for the United States and its allies, the officials said.

U.S. officials said they had no reason not to believe a broad-based Monday on Tehran Radio, monitored in London, that said Iran was ready to make a thrust into Iraq to topple Mr. Hussein.

"Big Dust-Up"

Tehran Radio said a "grand and historic battle" is in the offing. The U.S. officials, basing their statements on intelligence reports, said "a very big dust-up" is likely soon.

Iraq and Iran have been at war since September, 1980, when Iraq invaded Iran and quickly seized control of the disputed Shatt-al-Arab waterway leading into the Gulf and a long sliver of land on the Iranian side of the border in the oil-producing province of Khuzestan.

During the past year, Iran has fought back, making Iraqi forces in several battles and driving them back to the border. Intelligence information indicates that Iraq has almost 100,000 troops arrayed against the Iranians. Because the Iraqis would be fighting for their homeland, they might fight more effectively now.

But the officials said the intelligence information also indicates that Iraqi readiness has been poor in comparison with the Iranian efforts. They said that there are holes in the trench line along portions of the 700-mile (1,120-kilometer) border and that morale continues to be low among Iraqi soldiers.

Sources in Washington believe the main first objective of the Iranian assault would be Basra, a major Iraqi oil port. Some U.S. officials believe that taking Basra and other key points alone might be enough to topple Mr. Hussein, but other analysts say the Iranians may be more interested in money than in forcing Mr. Hussein out. The Iranians have demanded \$150 billion in reparations as part of the price for any nonmilitary settlement with Iraq.

Late Monday, the UN Security Council in New York unanimously adopted a resolution, acted on at the request of Iraq, calling for an immediate cease-fire in the war. The resolution also called for with-

drawal of both armies to "internationally recognized boundaries," the dispatch of UN observers to verify the disengagement and mediate efforts to settle the crisis.

Chance for Russians

Some administration officials believe a successful Iranian invasion would "complicate things badly," as one put it, especially if it came with the war between Israel and the Palestinian Liberation Organization still going on in Lebanon.

They think an invasion would give the Soviet Union an opportunity to shift at least some support to Iran and put the United States in the awkward position of having to back Iraq, a country with which it does not have formal relations.

Also, because Saudi Arabia and most other Gulf states "are very frightened" over the prospects of a militarily dominant Iran under Ayatollah Khomeini, the Iranians might demand that the Saudis and others put greater distance between themselves and the United States as the price for peace in the region.

There are specialists who take a less alarming view of the potential results, even of a successful Iranian assault. They believe the invasion could drive the moderate states closer to the United States as it becomes clear that some protection from Iran ultimately will be needed.

Iran Rejects UN Resolution

LONDON (Reuters) — Iran rejected on Tuesday the UN Security Council resolution calling for a peaceful solution to the Gulf war, and pledged to impose its terms on the Iraqi government.

Iranian Mir Hossein Musavi told Tehran Radio that the resolution was an attempt to save Mr. Hussein.

Mr. Musavi said Iran would continue the war until all its conditions had been met. "Saddam's regime must abandon our territory unconditionally, pay war reparations and be condemned. In this case the war will end," he said.

Israelis Move To Build Up Beirut Forces

Compiled by Our Staff From Dispatches

BEIRUT — Israel strengthened its front-line positions around Moslem West Beirut Tuesday as Lebanese leaders, their peace talks stalemated, focused negotiations on getting Israel to lift its blockade of the capital.

In Paris, Issam Sartawi, a leading Palestinian moderate, called for the United States to recognize the Palestine Liberation Organization and establish contacts with it, saying the PLO had formally acknowledged Israel's right to exist.

Israeli sources, however, said the government of Prime Minister Menachem Begin was becoming convinced that the PLO was stalling, "constantly throwing in new factors in the hope that time is working in their favor."

Reporters Tuesday saw Israeli tanks and armored personnel carriers moving to new positions on Beirut's southern and eastern outskirts, after a sixth cease-fire was arranged by the U.S. special envoy to the Middle East, Philip C. Habib, Sunday night. The truce halted the heaviest Israeli-PLO artillery duels since the early days of Israel's invasion.

Lebanese military sources said the Israeli command regrouped its forces around Beirut to absorb two new armored brigades and tighten the encirclement of the PLO's West Beirut stronghold.

An Israeli military spokesman, Paul Kedat, however, said in East Beirut that Israel was not building up its forces. "We are always an army on the move," he said.

President Elias Sarkis, Premier

Shafiq al-Wazzan and Foreign Minister Fuad Buitros of Lebanon met with Mr. Habib again Tuesday in the presidential palace in East Beirut.

Leaving the meeting, Mr. Buitros said the talks had concentrated on what he called the "famine blockade" of West Beirut.

"It was important to seek Mr. Habib's help to lift this blockade which has begun to affect vital human institutions and women and children," he said. After the 50-minute session, the Lebanese continued meeting without the U.S. representatives.

Mr. Wazzan told reporters "These are the most difficult negotiations. We have to deal indirectly with so many parties."

Speaking to the French Institute for International Relations, a private foreign affairs group, Mr. Sartawi said the PLO had "formally conceded to Israel in the most unequivocal manner the right to exist on a reciprocal basis."

He said the organization, which is headed by Yasser Arafat, realized that "one makes peace with one's enemy which presupposes the existence of an enemy."

Arafat Adviser

Mr. Sartawi is an adviser to Mr. Arafat and a member of the 301-member Palestine National Council that functions as a sort of parliament in exile. He has been responsible for Palestinian contacts with the Israeli peace movement.

At the end of his speech he was asked whether he had the authority to issue statements in the name of the PLO and he replied that he was "standing on the highest PLO authority" in discussing actions the council has taken.

Palestinian and Lebanese sources said Mr. Arafat would reverse his current refusal to evacuate his guerrillas from West Beirut by ships of the U.S. 6th Fleet if the Reagan administration recognized the PLO.

On Monday night, Defense Minister Ariel Sharon of Israel, in a speech to air force officers, said, "time is running out" for a diplomatic solution.

Mr. Habib's efforts bogged down over Syria's refusal to allow the Palestinian guerrillas into its territory and over the PLO's insistence that a UN force must police a disengagement of PLO and Israeli forces in Beirut before an evacuation.

Government and Palestinian sources said no progress was likely in the peace talks until the foreign minister of Syria, Abdel Halim Khaddam, and the Saudi Arabian foreign minister, Prince Saud al-Faisal made a visit to Washington. Lebanese television reported that Mr. Khaddam left Tuesday for Washington.

In Damascus, thousands of Syrians, Palestinians and Lebanese refugees demonstrated Tuesday against Israel and the United States outside the U.S. Embassy. Syrian police threw a cordon around the complex to forestall violence.

U.S. Aides Expect Cuts In '84 Military Budget

By Richard Halloran
 New York Times Service

WASHINGTON — Senior administration officials say economic and political pressures are likely to force cuts to be made in the projected 1984 military budget and thus require revisions in long-term military planning.

The officials said Monday that no figure had been set for the 1984 defense budget, that is now being prepared. But they said they expected the Office of Management and Budget to insist on a ceiling that could be \$6 billion to \$10 billion below the \$247-billion target set by the Defense Department in projections in January.

"We are swimming in a sea of uncertainty," said one official.

The 1984 military budget is being prepared by the Defense Resources Board, the Pentagon's executive committee. Administration officials said White House officials had impressed on that board the need to reduce the size of the planned increase in military spending, to help cut the federal budget deficit.

The White House has further asserted that the administration's

plans to cut domestic welfare programs will increase political pressures for military cuts, especially in light of the congressional election campaign coming in the fall.

The prospect of tighter military budgets in 1984 and beyond has forced planners in the Defense Department to revise the administration's long-range strategy.

Officials said more emphasis would be placed on preparing for nuclear and conventional warfare in space, intelligence and covert operations, communications, research and development of technology that would make Soviet weapons obsolete, and economic warfare with the Soviet Union.

They also suggested that, because the development and acquisition of new weapons would be delayed, more emphasis would be placed on the use of flexible tactics such as "geographic escalation." That approach calls for hitting an aggressor not necessarily at the point of attack but where the aggressor is weakest.

Among the leading uncertainties in military spending, the officials said, was the fate of the 1983 military budget.

(Continued on Page 2, Col. 4)

Queen's Security to Be Reviewed

Compiled by Our Staff From Dispatches

LONDON — Prime Minister Margaret Thatcher called Tuesday for a "very thorough review" of the security measures surrounding Queen Elizabeth and her family after an intruder confronted the queen in her bedroom at Buckingham Palace.

The Sun newspaper reported that the man alleged to have scaled a drainpipe to reach the queen's bedroom Friday had made at least 12 visits to the palace.

Mrs. Thatcher, who is under fire for her government's failure to provide adequate protection for the queen, told Parliament she hoped to have a report next week from Assistant Police Commissioner John Dellow, who was named to investigate security at the palace.

'Long-Term Inquiry'

In Parliament, Conservative Harry Greenway called for a "long-term inquiry to take a deep and long look at security."

"Clearly there are two major points to be inquired into," Mrs.

Thatcher said. "The first is whether the systems themselves are adequate for protection and, secondly, whether they are properly operated. I hope and believe the inquiry will be very thorough."

Meanwhile, stringent new protection measures surrounded the queen. Some police officers who had been on guard duty have been moved to other jobs, dog patrols in the sprawling grounds have been increased, and all visitors were being scrutinized more closely.

Mr. Dellow consulted security specialists about introducing a foolproof surveillance system, including the use of closed-circuit television, vibration sensors and thermal detectors.

Authorities said the intruder evaded 43 soldiers, 24 police, 350 palace staff members, dog patrols, surveillance cameras, electronic listening devices and other equipment. He reportedly caused the queen no harm.

The Sun newspaper, which reported that the intruder had visited the palace 12 times before, said his father described him as "a royal fanatic."

His mother said he told her he had a "girlfriend called Elizabeth" living in London SW1, the palace's postal district.

"I never cottoned on who he was talking about," his mother said. "We knew he had trouble sleeping at night and often went out in the early hours. But no one knew where he was going."

The Sun quoted his father as saying his son had a drug problem, but that "he would not harm a hair on the queen's head. He is no revolutionary and has no political motivations."

Michael Fagan, 31, was charged Saturday with breaking into the palace a month ago and stealing half a bottle of wine. A government minister confirmed that Mr. Fagan had been arrested again Friday, but no further charges have been made.

The Daily Express, which first broke the story of Friday's intrusion, said the queen was awakened at 3 a.m. by a man sitting on the end of her bed. The queen talked to him for 10 minutes to calm him before summoning a footman.

INSIDE

■ Underground Solidarity leaders reportedly have called for a suspension of strikes and demonstrations until the end of July, at least partly to ease the way for a planned visit by the pope. Page 5.

■ Although it was obscured by the landslide victory of Miguel de la Madrid Hurtado, the results of last Sunday's Mexican presidential elections included a warning to the country's entrenched political system: The middle class is increasingly unhappy with the government. Page 3.

■ The specter of mass starvation no longer haunts East Timor. The famine that hit wide areas of the former Portuguese territory in 1978 and 1980 has abated, but the food supply is shaky in some areas and observers say that the province as a whole won't grow enough to feed its population for the foreseeable future. "In Timor, even the good times are bad," one diplomat said. "Good times are only when they need to import less food." Page 5.



Thousands of Iranian militiamen gathered in Tehran to be taken south to the front by train.



A reluctant British train driver is confronted by a picket on arriving for work.

Arbitrators Intervene in U.K. Rail Strike

LONDON — Government arbitrators intervened in the 10-day-old nationwide railroad strike Tuesday, and British Rail chiefs delayed announcing whether the entire network will be shut down and strikers fired.

The British Rail board said that the government's Advisory, Conciliation and Arbitration Service had approached both sides and that preliminary talks had started on a possible settlement.

Newspapers speculated that the state-run rail system, its hopes dashed for a mass return to work by strikers, will halt the limited service it has operated since the walkout began July 4.

In the House of Commons, Prime Minister Margaret Thatcher had angry words with the opposition Labour Party leader, Michael Foot, whom she branded "the strikers' friend" because of his support for the 24,000 train engineers who walked out to protest new, flexible scheduling.

West German Banks Sign Accord For Financing Siberian Pipeline

MOSCOW — Major West German banks, ignoring U.S. sanctions against the Soviet Union, formally agreed Tuesday to extend up to \$1.6 billion in credits to Moscow for the construction of the pipeline to carry Siberian natural gas to Western Europe.

An accord between the banks and the Soviet government, signed in Leningrad, provided further evidence of West German determination to proceed with the controversial project over U.S. objections and the practical obstacles placed in its way by Mr. Reagan.

The bulk of the West German credits are for purchases of compressor stations for the 3,500-mile (5,600-kilometer) pipeline scheduled to carry Siberian natural gas to Western Europe starting in 1984.

Mr. Reagan's ban on the export of U.S. equipment for the pipeline was extended last month to foreign subsidiaries and licensees of U.S. companies. It affects specifically the large 25-megawatt turbines used for compressor stations.

Companies in West Germany, France, Britain and Italy are involved in the Siberian pipeline project and stand to lose financially by the American action.

The West German government had stressed from the start that it supports the project. Tuesday's agreement provides for guarantees by Bonn of 85 percent of the financing. Without such backing, the banks would have been reluctant to make the loans.

West German diplomatic sources here said the Bonn government still hopes to persuade the Reagan administration to abandon its punitive actions against Moscow and to thereby avoid serious discord in the Western alliance.

Challenge by Thatcher

West German Chancellor Helmut Schmidt is scheduled to visit the United States next week for a brief vacation and was expected to meet with Secretary of State-designate George P. Shultz to press the European case.

If Washington fails to accommodate European concerns on this issue, a West German source here said, "Then we may simply be forced to ignore the sanctions."

So far, only Prime Minister Margaret Thatcher of Britain has directly challenged the U.S. trade restrictions. London has invoked a 1980 law, known as the Protection of Trading Interests Act, to assert that Mr. Reagan's sanctions were damaging British trading interests.

The British legislation would enable Mr. Thatcher to take whatever legal steps were available to overturn the embargo.

In Bonn, the Economics Ministry issued a statement Tuesday saying the government "has no clear legal basis at its disposal for forbidding adherence to the embargo on the gas pipeline deal."

But it added that the government was studying the political, legal and economic implications of the U.S. action.

In announcing the agreement Tuesday, Tass described it as "evidence of the steadily broadening economic and trade links between the Soviet Union and the Federal Republic of Germany."

A statement issued by Deutsche Bank, the leader of the bank consortium, said the agreement would allow the Soviet Union to draw up to \$1.6 billion before the end of

Nicaragua Wants Talks With U.S., Leader Says

PARIS — Nicaragua is ready to discuss differences with the United States despite the Reagan administration's "silent invasion" against the leftist Sandinista regime, a member of the ruling Nicaraguan directorate said here Tuesday.

Daniel Ortega Saavedra, coordinator of the junta, said his country's offer for talks had been repulsed by the Reagan administration. Nicaragua sent a note to the United States in May expressing willingness to open talks but stating that the international community stepping the question of whether Nicaragua had given material aid to guerrillas in El Salvador.

At a news conference ending a two-day official visit to France, Mr. Ortega repeated Nicaragua's stand that negotiations with the United States must open without preconditions on their content. The United States wants to discuss the alleged aid to Salvadoran rebels.

Mr. Ortega charged that his country is suffering from U.S. aggression against its political, military and economic plan. "Washington is attacking us," he said.

Sudan Drops Charges In 1978 Boeing Deal

KHARTOUM, Sudan — Charges of unlawful enrichment and currency exchange violations against El Sir Abbas, a Sudanese agent for the Boeing Corp., have been dropped after he refunded \$340,000 to the government, according to Ahmed Kamel el-Aas, the prosecutor general.

Mr. Abbas was accused in September, 1978, of transferring \$680,000 from a \$24-million airplane deal into a foreign bank account for himself and other unidentified Sudanese. The official Sudanese news agency said at the time that failure to bring the money to Sudan violated currency regulations.

The agency had also quoted Omer O. el-Mardi, who was prosecutor general when the charges were made, as saying that the \$680,000 was a bribe. But in a statement given later to Mr. Abbas' attorney, Mr. Mardi said there was no charge of bribery against Mr. Abbas. That statement was confirmed by Mr. Aas.

Mitterrand Drops In Opinion Polls

PARIS — President Francois Mitterrand's popularity has sunk to its lowest level this year, according to an opinion poll published Tuesday in the daily Le Matin.

Of those questioned, 58 percent said they disapproved of his performance, compared with 29 percent last month, while those who approved fell to 53 percent from 59.

Most other ministers in the Socialist government, including Prime Minister Pierre Mauroy, also lost ground. Le Matin attributed the fall in the government's popularity to the wage and price freeze announced in June, annual inflation of about 14 percent and the recent devaluation of the franc.

Israel Says PLO Is Fortifying Positions, Seeking Support

By David K. Shipley
New York Times Service

JERUSALEM — Well-placed Israeli officials say the Palestine Liberation Organization has been using the time produced by the stalled negotiations in Beirut to fortify its military positions in the city and to seek new support from Arab countries.

The officials said Monday that the PLO had been pressing Saudi Arabia for large amounts of money, reportedly hundreds of millions of dollars, and that the organization's chairman, Yasser Arafat, had been seeking stronger support from the Arab world and Europe in exchange for an agreement to withdraw his guerrilla forces from the capital.

There was no indication that the United States had been approached to recognize and deal directly with the PLO, although that is known to have long been a goal of Mr. Arafat. He is regarded as eager to extract as many political concessions as possible to counteract the damage from his military defeat and keep his organization alive in another Arab capital.

On a military level, Israeli officials say, the PLO has laid mines, assembled arms caches, set booby traps and begun transforming some of its estimated 5,000 guerrillas into "civilians" who would try to stay behind after an evacuation from the nucleus of a future fighting force.

Stalling Suspected

As a result, the impression prevails in government circles here that the PLO is stalling for time in the Beirut talks. Israeli officials are not certain that the organization is serious about leaving, and they are skeptical about the assessment by the U.S. special envoy, Philip C. Habib, that the political talks have a chance of success.

The talks were described by one official as "surreal" and "one of the weirdest negotiations that has ever taken place."

The two adversaries — Israel and the PLO — do not talk to each other. Even one of the intermediaries will talk to one of the parties. Messages from one adversary, transmitted through two intermediaries, never seem to reach the other party.

And the passage of time is playing on the nerves of both sides.

Several times a week, Israeli representatives, Ariel Sharon, the defense minister, and David Kimche, the director-general of the Foreign Ministry, fly by helicopter to Beirut, where they meet with Mr. Habib.

Because Israel and the PLO refuse to recognize each other, the two Israelis will not meet Mr. Arafat. Nor will Mr. Habib, since the United States has pledged not to talk directly to the PLO until it recognizes Israel's right to exist.

Refusal Reported

As a result, Mr. Arafat talks to the premier, Shafiq al-Wazzan, and to a former premier, Saad Salam, who in turn talk with Mr. Habib. Mr. Sharon and Mr. Kimche have reportedly asked to see Mr. Wazzan but he has refused.

Officials here believe that Mr. Wazzan feels himself in danger from the PLO, that he may have been threatened explicitly with assassination and that as a result he is also reluctant to convey Israeli messages from Mr. Habib to Mr. Arafat.

Study Queries Soviet Trade

(Continued from Page 1)

upgrading of the quality of Soviet products to make them competitive in the world market.

The study declares the ratio of imports and exports to national income to be the key to measuring the effect of foreign trade and this, in the absence of appropriate statistics for the Soviet Union, has until recently been thought to be about 15 to 10 percent. The new calculations show that the figure was about 15 percent in 1970, about 27 percent in 1980 and could reach 33 percent this year.

The publication of lengthy excerpts of the Commerce report at this time were described by one department spokesman as "a coincidence more than anything else."

But Samuel Baum, acting chief of the bureau's Foreign Demographic Analysis Division, noted the subject was of current interest. The full 220-page report is to be published in the fall.

U.S. Aides Expect Cuts in Military Budget

(Continued from Page 1)

tary budget that is before Congress now. Only the Senate has passed an authorization bill, the first step in the process, and neither house has voted an appropriation bill.

Administration officials said they feared that Congress would adjourn early for the November elections and leave the 1983 budget unfinished at the start of the new fiscal year on Oct. 1. The Defense Department might then be required to operate under a continuing resolution, which would prevent the starting of any new programs.

In addition, officials said the fiscal 1983 military budget might be less than the \$209 billion in Defense Department outlays that have been approved by the Senate.

Although military planners have been given no upper limits yet on the 1984 budget, they have begun considering weapons programs that could be stretched out if the defense budget ceiling were lowered.

Officials said that plans to improve the nation's air defenses, part of Mr. Reagan's program to revitalize the nuclear deterrent, might be delayed. They also sug-

gested that the Navy's shipbuilding program was vulnerable.

Other cuts might be made in difficult technological projects, such as hardening communications facilities to survive a nuclear blast, because they take longer to develop.

With cuts in conventional weapons programs possible, military planners have been instructed to push ahead with programs to develop weapons capable of knocking out Soviet intelligence and communications satellites.

Similarly, they have been asked to plan improvements in U.S. intelligence systems to increase commanders' effectiveness in the tactical deployment of forces that may be numerically inferior to those of the Soviet Union.

Weapons such as the radar-evading Stealth bomber, precision-guided munitions and electronic warfare devices would be given priority, the officials said, because breakthroughs there could render Soviet defenses obsolete and force Moscow to make vast new expenditures on replacements.

They said this approach would be coupled with increased emphasis

on economic pressures on the Soviet Union, a tactic favored by Secretary of Defense Caspar W. Weinberger and the president's national security adviser, William F. Clark.

The Bureau of the Census published on Monday excerpts from a study asserting that the Soviet Union was more vulnerable to external economic pressures than was previously believed. The Agriculture Department predicted meanwhile that the Soviet Union would have its fourth poor grain crop in a row.

The officials said every effort would be made to preserve the priorities set out in the 1984-88 Defense Guidance, the basic strategic plan approved by Mr. Weinberger in March, even though they are among the less glamorous aspects of military spending.

Those priorities include improving the readiness of existing forces; increasing the supplies of ammunition, weapons and equipment needed to sustain them in prolonged combat; and developing essential new weapons to "seek advances in warfighting capability that radically alter the relative military capability."

At Berbir Hospital, on the Green Line separating East and West Beirut, 70 percent of the 400-member staff has left, either for

Beirut to provide free surgery, but some doctors here headed for East Beirut to wait out the war.

"War is like a big, big sieve," said Aboud Yafi, 35, a leather goods manufacturer who has been driving an ambulance as a volunteer during the past month. "Everybody goes into it and eventually the good and the bad are separated. It's just two extremes, black and white. There is no gray."

Mr. Yafi and a group of friends, all successful businessmen, are staffing a health clinic. They represent no political or religious faction.

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The PLO also has reportedly asked that the proposed international force of American and French troops be deployed as a buffer between the guerrilla force and the Israeli Army before the guerrillas leave. Israel has rejected that idea.

The Israeli government as a whole now seems very eager for a

political settlement because the military alternatives appear increasingly complex.

Mr. Sharon, who was pressing several weeks ago for an assault on West Beirut, is now reported to be keeping his counsel during Cabinet meetings, allowing events to dictate the policy.

The hospital has had to reduce the number of its patients from 180 to 120 and put doctors on 15-hour shifts.

"I can't blame anyone for being afraid," said Berbir's director, Dr. Amal Schamma. "But when this is over, I imagine I'll unconsciously re-evaluate my friends. I don't see how I can feel the same again about the ones who walked out."

Fuad Tabet, 23, feels the same way. He is a biochemistry major at Haigazian College and his group of 28 student volunteers has dwindled to seven or eight. "They should have stayed," he says. "They are needed. Even my own brother left."

This is the first time, Mr. Tabet says, that he has ever volunteered for anything. He and his friends started by donating blood, and now each day they make their way through the refugee centers, distributing blankets and food and checking planned to be a doctor," he said as army shells exploded a mile away, shaking the ground. "But before this started I wasn't completely sure. Now I am absolutely positive. I will be a doctor."

Between the two world wars, the Shiites served as allies to the Maronites, offsetting the Sunnis, who remained unreconciled to the creation of the Christian-dominated state.

The real power remained in the hands of the Maronite president under the unwritten Lebanese system of apportioning political offices to the country's many religious sects. Under this system, all prime ministers were Sunnis and the speakers of Parliament were Shiites.

But by the late 1960s the great change in centuries was wrought when leftist Lebanese and Palestinians began organizing the Shiite peasants in the south against their feudal masters.

When Israel began retaliating in 1969 for the increased number of Palestinian raids across the border,

the first of hundreds of thousands of Shiites fled to Beirut, increasing the social problems that helped cause the civil war.

Under Imam Sadr's leadership, the Shiites founded the Movement of the Deprived, a movement for the first time in the ranks of the militias facing the Christians.

Since then, Amal has weaned away Shiite fighters from Palestinian groups as well as the Communist militias. In the past two years they also have fought bloody battles with the Palestinians for control of the key southern suburbs and much of West Beirut.

His place has been taken by Nabil Berri, a mild-mannered lawyer with an American wife and family living in Detroit. Since the Israeli invasion, Mr. Berri has come into his own.

He heads Amal, the only one of Lebanon's many militias that resisted the Israeli invaders. In an interview, he said that if the Israelis launched an assault on West Beirut, where many Shiites live in shantytown suburbs, "we will do our duty."

His southern Shiites were among the many Lebanese initially delighted by the Israeli crushing of the Palestinians. Mr. Berri, however, said he was wary. "I am afraid Israel wants an excuse to stay in the south and will create a pretext," he said.

Even before the invasion, Mr. Berri was flexing Amal's muscles. Stirred by Shiite-dominated Iran's victories against Iraq in the Gulf war and conscious of his 900,000 fellow Lebanese Shiites, Mr. Berri last month said that his community was entitled to Lebanon's presidency — in the past reserved for the Maronites.

Behind the Shiites' emergence in Lebanese politics is Amal. Despite its fragmentation — there are pro-Syrian, pro-Iranian and pro-Lebanese Army branches — Amal remains the most powerful force in Shiite society.

Amal helped transform a once-lethargic community of poor farmers and day laborers into the one Lebanese group that fought against the Israelis alongside the Palestinians.

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De la Madrid Landslide in Mexico Obscured Protest by Middle Class

By Alan Riding

New York Times Service

MEXICO CITY — Although obscured by the usual landslide for the official presidential candidate, results from the Mexican elections included a warning to the nation's entrenched political system — the middle class is increasingly unhappy with its government.

While Miguel de la Madrid Hurtado, who will succeed President José López Portillo in December, won 74 percent of the vote, a record turnout of more than 3 million voters — 14 percent of the population — backed the conservative National Action Party.

Most of that support came from disenchanted, urban middle-class voters of Mexico City, Guadalajara and Monterrey. The ruling Institutional Revolutionary Party, popularly known as the PRI, drew almost all its support from the workers and peasants who have helped keep it in power for 33 years.

Support for the opposition parties included a large element of protest, much of it from people who were with economic and intellectual weight who are demanding a political voice.

Political reforms decreed in 1978 allow non-PRI voters to choose from the candidates of two rightist and four leftist parties, which fared poorly. The new Unified Socialist Party, which had expected to emerge as Mexico's main opposition force, got only 5 percent of the vote.

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ed in the class that benefited most from Mexico's economic growth.

Although the middle class absorbs a disproportionate amount of federal spending and accounts for the majority of 2 million or so civil servants, it appears to feel little identity with the government. Discontent has deepened as prosperity has increased, both not of having too little but of expecting more.

Over the past five years, an oil-priced economic boom sparked an extraordinary spending spree in the cities. Those joining the swelling ranks of professionals, office and service workers also increased their foreign investment, particularly in U.S. real estate.

Then the Mexican peso was devalued and the economy went into a dive in February. Mexicans woke up to find the dollar

costing twice as many pesos. For others, necessities such as cars and new furniture became luxuries once again.

But even before the boom ended, the middle class had complaints. With the poor exempt and the rich evasive, they carried the tax burden. The quality of life in urban areas has been undermined by traffic jams and air pollution.

More than any other subject, corruption arouses middle-class hostility. Mr. de la Madrid's pledge to bring about a "moral renovation" of society was perhaps his only campaign message to fall favorably on middle-class ears.

Although 64 senators and 400 deputies were elected last Sunday, Congress exercises little influence over the president and serves as a poor conveyor of opposition sentiment. The Mexican press is somewhat of an escape valve for discontent, but it also is dependent on direct and indirect government subsidies, and, in the end, subject to control.

Landless peasants seize private farms to draw attention to their plight. Industrial workers campaign through their unions and strikes. Bankers and industrialists take their case directly to the president.



President-elect Miguel de la Madrid Hurtado of Mexico.

Those in between defy easy definition and have escaped political attention. It is argued that despite the protest in the July 4 vote, the middle class remains an amorphous and conservative sector more interested in preserving individual status than participating in politics.

"Its only involvement is through the vote," said a respected political scientist. "But those who voted for the National Action Party knew that they would change nothing."

The protest movement of 1968, while sparked by leftist university students, quickly be-

came an expression of middle-class discontent, although it was ignored by peasants and workers and, eventually, smothered by the regime.

The system responded later by coopting greater political and press freedom. Even the reforms of 1978, which resulted in the proliferation of opposition presidential candidates this year, were aimed principally at drawing middle-class activists into the system.

The middle class may be a wild card in Mexican politics that could make itself felt in surprising ways in the future.

U.S. Defector Spurns Traitor Label

After 30 Years in China, Ex-Soldier Says He's a Patriot

By Michael Weisskopf

Washington Post Service

JINAN, China — Nearly 30 years after defecting to Communist China, James Veneris hopes that history will judge him as more honorable than the U.S. military did.

Should he be remembered as an Army turncoat who collaborated with his Korean War captors? Or should he be thought of, as he fancies himself, a self-appointed American goodwill ambassador who "beat Nixon and Kissinger to China by 16 years?"

Mr. Veneris, the son of Greek immigrants, joined the Army in 1950 to stop Communism in Asia and then went to work for it. He lives with his third wife on the campus of Shandong University in Jinan, groping for a historical identity.

"I've been called a traitor, brainwashed," Mr. Veneris, now 59 and hobbled by a leg injury, said recently. "Sooner or later the truth will come out on my side. I'm not a bad person. I've tried to be the greatest American patriot by making friends with the Chinese people. But I saw what people think of me. The insults hurt."

Mr. Veneris came to China in 1954 after serving three and a half years in a North Korean prison camp run by Chinese. When he returned to the United States in 1976 for his only visit, he discovered that memories die hard.

Web of Contradictions

"I applied to the Army for my back pay," he recalled. "They told me I was a defector who was dishonorably discharged and not entitled to anything. All my records were burned. It was like I'd died."

Mr. Veneris' political evolution neatly folds into the web of contradictions that bind his life together. He is a Communist sympathizer who preaches the American way; a bluff, gregarious native of Pennsylvania's coal country who has successfully navigated China's treacherous political mine fields; and an English teacher who mispronounces many of the long words he uses.

Mr. Veneris' world view has been shaped by his years as one of the few American witnesses to almost all of Communist Chinese history. He drained swamps and planted trees for the "New China," worked alongside Soviet advisers, wrote posters during the Cultural Revolution and celebrated Chinese-U.S. rapprochement.

He uses the name Lao Wen, has had three Chinese wives and has fathered two children and has deeded, worked and eaten like the Chinese for most of his adult life.

Still, he maintains his U.S. citizenship and evokes the personality of the United States he left behind more than 30 years ago. His language is laced with postwar clichés. He talks loungingly of un-

filtered Lucky Strike cigarettes, black coffee, banana splits and Gen. Matthew B. Ridgway, a commander of U.S. forces in Europe during World War II and in Korea.

"I haven't lost being an American," he said. "That never changes. I came here to be friends with the Chinese, not to disown my citizenship."

Mr. Veneris said he had been drifting in the United States and enlisted when the Korean War broke out. One month after arriving in Korea, Mr. Veneris was captured by Chinese soldiers and taken to a prison camp. He remembers the date, Nov. 8, 1950, as "the turning point of my life."

"After three and a half years, I

came to the conclusion that the Chinese people are not our enemy," he said.

"I couldn't become a big capitalist in America, I couldn't become a millionaire, so I decided to be a bridge between the Chinese and American people," he said.

He was asked if half a lifetime in China has made him more Chinese than American.

"When I die, I don't want nobody to know nothing about it," he said quietly. "No propaganda. I don't want a funeral. Don't send any flowers. Just take my body to the crematorium and burn me. Then, take half my ashes and throw them into the Mississippi River and the other half into the Yellow River and call it quits."

Florida to Use Poison On Marijuana Patches

By Nicholas D. Kristof

Washington Post Service

WASHINGTON — Florida officials have authorized the spraying of marijuana patches with paraquat, a toxic herbicide that created a panic among marijuana smokers several years ago because of fears that the poison could damage their lungs.

The spraying by Florida law enforcement agencies will be the first time that paraquat has been used on a regular basis to destroy marijuana in the United States. After the scare about marijuana tainted with paraquat in Mexico, Congress banned use of foreign aid funds for spraying fields abroad with paraquat, but repealed the law last year.

Florida law enforcement officials said the spraying would pose no risk to humans. However, Chevron Chemical Co., the primary distributor of paraquat in the United States, warned that use of the herbicide against marijuana was a poor idea and probably illegal.

"The product label bears the

word 'poison' and the skull and crossbones insignia, but terrifying people in order to change their social behavior is not a registered use" of the herbicide, Earl L. Stripping Jr., a Chevron vice president, said in a letter this spring to the Drug Enforcement Administration. "Thus if we are dragged into any legal problems, we will take the position that the use was illegal and ask the government to indemnify us."

The National Organization for Reform of Marijuana Laws will sue Florida to block the spraying program, said Kevin B. Zeese, the group's executive director.

State officials say that the spraying is the best way to eradicate large plots of marijuana and that it will be an example to Colombia and other Latin American countries considering the use of paraquat.

Don North, spokesman for the Florida attorney general, stressed that fields that are sprayed will be guarded so that no tainted marijuana will reach the streets. State officials insisted that, even if some marijuana laced with paraquat were to reach the market, smokers would not bear any significant risk. They cited studies indicating that the dangers of paraquat were overestimated when tainted Mexican marijuana was distributed in the United States in 1977 and 1978.

However, a National Academy of Sciences study published earlier this year concluded that "an individual who continued to smoke paraquat-contaminated cigarettes would be a candidate for serious lung injury."

The Florida marijuana crop has been estimated to be worth \$400 million a year, making it the state's largest cash crop after oranges.

Senate Begins Debate on Budget Amendment

By Paul Houston

Los Angeles Times Service

WASHINGTON — With President Reagan supplying a promotional push from the White House, the Senate began today what could be a long, unrelenting debate on a constitutional amendment to require a balanced budget.

The amendment, which would require the president to submit a balanced budget to Congress, was introduced by Sen. Orrin G. Hatch, Republican of Utah, a member of the Senate Budget Committee, said the amendment is needed to halt the congressional bias toward runaway spending and he predicted that it might win Senate approval.

However, Sen. Alan Cranston, Democrat of California, said there is a strong possibility the amendment will be defeated in either the Senate or the House "after we debate the issue and point out how dangerous it is."

Amendment's Co-Sponsors: Adding to the uncertainty, one of the amendment's co-sponsors, Senate Budget Committee Chairman Pete V. Domenici, Republican of New Mexico, indicated he will move to dilute the measure in an unspecified way.

To become part of the Constitution, the amendment must be

passed by two-thirds of each chamber, and then ratified by 38 states.

Meanwhile, Mr. Reagan, surrounded by key congressional sponsors of the amendment, urged its adoption, saying:

"We must not and will not permit prospects for an economic recovery to be buried beneath an endless tide of red ink. Americans

understand that the discipline of a balanced-budget amendment is essential to stop the squandering and overtaxing, and they're saying the time to pass the amendment is now."

Sen. Cranston, the Senate's Democratic whip, said that Mr. Reagan "has submitted budgets that would increase the national debt from \$1 trillion to \$1.5 trillion. For him now to advocate a constitutional amendment for a balanced budget would be like W.C. Fields coming out for Prohibition."

'Discharge Petition' Filed

In the House, Rep. Barber B. Conable Jr., Republican of New York, filed a "discharge petition" aimed at forcing House consideration of the proposed constitutional amendment. The petition, which requires 218 signatures to succeed, would prevent the Democratic-controlled Judiciary Committee from keeping the measure bottled up. The amendment has 222 co-sponsors in the House and 61 in the Senate.

No one was injured in the explosion, but Mr. Arkan was shot to death on a busy Los Angeles intersection less than 16 months later.

The amendment would require Congress to adopt a balanced budget before the start of each fiscal year. It would allow deficit spend-

ing only if approved by a three-fifths vote of Congress. Tax increases would be sharply limited; receipts could rise no faster than the increase in national income from the previous year, unless a majority of Congress passed a bill to raise taxes.

The intent of the tax provision is to curb "bracket creep," which forces taxpayers into higher tax brackets through inflation. The amendment's provisions could be waived in wartime, however.

Both in Congress and in the states, the drive to add a balanced-budget amendment to the Constitution has gained significant momentum, mainly because of election-year concern about mushrooming federal deficits.

Thirty-one states have passed a resolution calling for a constitutional convention to adopt a balanced-budget amendment, but Congress is acting now to head off such a convention, which would be the first since the Constitution was adopted.

On paper, only three more states need to join in the call to force a convention but many legal and procedural questions remain to be answered before such an event could take place.

Levels of Dioxin In N.Y. Dumping Called a Record

New York Times Service

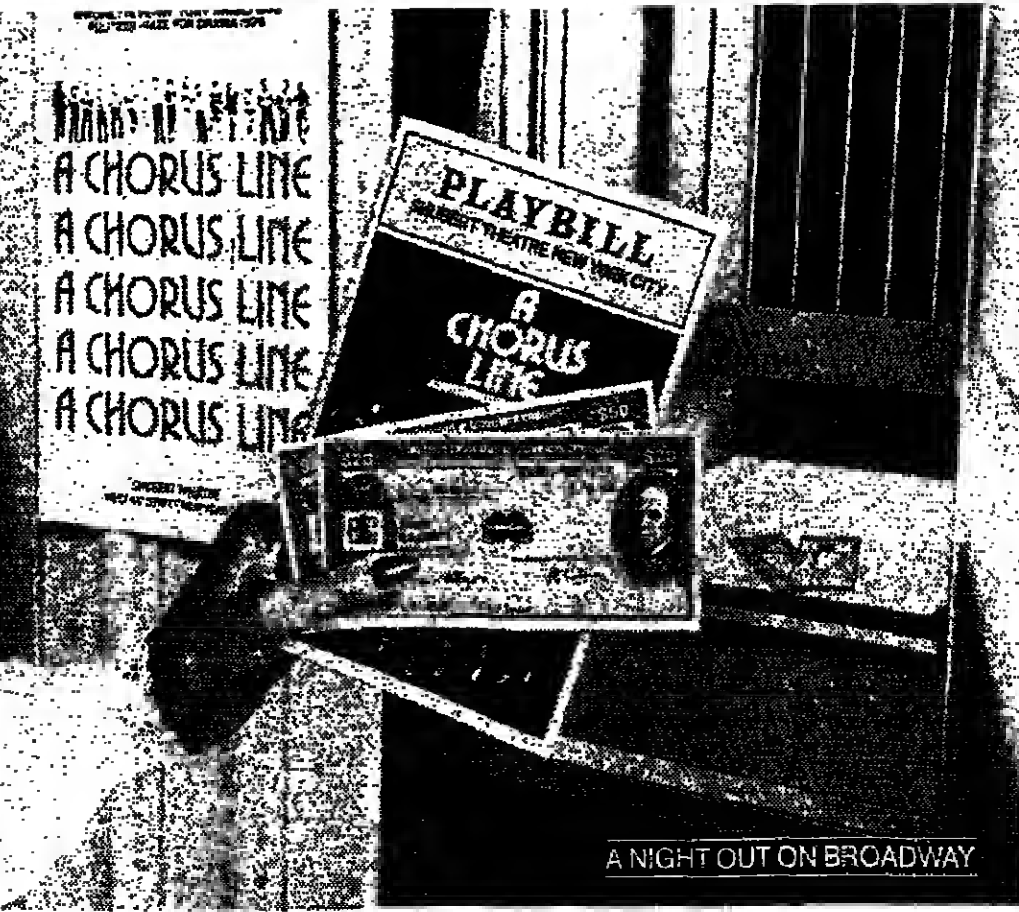
ALBANY, N.Y. — The attorney general of New York, Robert Abrams, said Monday the levels of dioxin in abandoned homes adjacent to the Love Canal, where a chemical company dumped toxic waste for 11 years, were "among the highest ever found in the human environment."

Dioxin, a toxic man-made compound, has been linked to cancer in humans and birth defects and disorders of the nervous system in animals.

Mr. Abrams released the results of a study conducted by two state agencies in 1980 and 1981 for use in the state's \$650-million lawsuit against Hooker Chemicals and Plastic Corp. The company has acknowledged it deposited about 21,800 tons of chemical wastes into a 15-acre area around the Love Canal in Niagara Falls between 1942 and 1953.

The study by Mr. Abrams was released two days before the U.S. Environmental Protection Agency was scheduled to make public its own long-awaited report on the Love Canal area.

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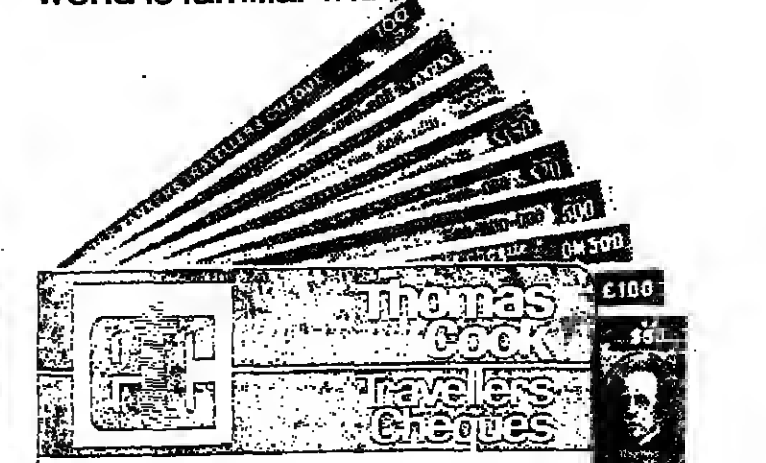
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Herald Tribune

Published With The New York Times and The Washington Post

Reagan's Chinese Puzzle

From THE WASHINGTON POST:

The election of Ronald Reagan began a period of intense testing by China and Taiwan of his political constancy. The People's Republic, which had earlier stood by and merely grumped at the continued American arming of Taiwan, started demanding that Reagan cut Taiwan off, or at least cut back. Not to be outdone, the authorities on Taiwan pressed their arms demands all the harder.

Peking obviously has hoped to test the new president's anti-Sovietism: its implicit threat to hold some part of its rift with Moscow if the United States will not act satisfactorily on Taiwan. Taipei's test is of Reagan's anti-communism; its threat, not so implicit, is to embarrass him in the eyes of the important part of his core constituency that shares his fierce attachment to Taiwan.

Over the months of pulling and hauling, the contest has come to focus on a demand by Peking that the United States agree to halt on terms to be established, arms sales to Taiwan. Peking views the sale of arms to a territory it regards as a province as unacceptable interference in its internal affairs.

The State Department, under Alexander Haig, had suggested to the president a formula linking the provision of arms to the expected continued progress toward a peaceful settlement between Peking and Taipei: the more progress, the smaller the need for arms. That was a happy formula, permitting Reagan to tread a fine but fair line between respecting the nationalistic imperatives of a strategic partner and keeping faith with an old friend.

But late last week a group of Reagan's most conservative domestic supporters warned him out of that course. Their obvious purpose was to gain a commitment from Reagan during the period when there is no strong voice at the State Department to defend a sensible diplomatic perspective.

How bizarre that Ronald Reagan should be told not to "abandon" Taiwan. He is the last man in America to need instruction on this issue from conservative quarters. For him to let himself be influenced by people directed from current geopolitics and bewitched by rusty symbolism would represent precisely the caving in to pressure that the new China lobby says it cannot abide.

Isolated on the Sea?

From THE NEW YORK TIMES:

President Reagan says he finds real merit in the Law of the Sea Treaty he nevertheless refuses to sign. Yes, the seabed mining provisions are distasteful, especially that business about resources being the common heritage of all mankind. But embedded in the president's rejection is the quiet and telling assertion that the sea treaty "contains many positive and very significant accomplishments."

Reagan said: "Those extensive parts dealing with navigation and overflight and most other provisions of the convention are consistent with United States interests and in our view, serve well the interests of all nations. This is an important achievement and signifies the benefits of working together and effectively balancing numerous interests."

No treaty supporter would claim more for the compromises it took a decade to reach. America clearly wants those benefits, including unimpeded naval passage through 115 straits and a uniform 12-mile territorial limit. The important question now is whether the United States can have it both ways — stay out of the proposed international mining code and still reap the benefits it wants.

To a considerable degree, it probably can. Americans may be able to use their substantial diplomatic and economic power to gain bilaterally with most nations the desirable provisions that the treaty confers multilaterally. Even if not universally ratified, the treaty fixes new norms that good lawyers will cite as constituting "customary international law." This much can be conceded to the conservatives who insisted on rejection.

What should not be conceded is their

corollary proposition that the seabed riches are there for the grabbing if America signs a less sweeping treaty with its Western partners. They contend that there is no need for a global sea law bargain with the Third World: the industrial countries can always form their own club to mine the seabed nodules of cobalt, manganese and other strategic minerals.

This impractical thesis is challenged by none other than Leigh Ratiner, the deputy chairman of the Reagan administration's Law of the Sea delegation. Writing in the current issue of Foreign Affairs, he says that no mining treaty could give investors the secure title they require before sinking millions into the seabed. He insists that if the administration had made a good-faith negotiating effort, it could have ameliorated the mining provisions of an otherwise ratifiable treaty.

That argument was vain, and an American diplomatic venture of four presidents now ends with the United States in lamentable isolation. Why? Because free market ideologues persuaded Reagan that it was offensive and unnecessary to share the profits of seabed mining with Third World countries that have not mastered the technology. The sea was to them not the common heritage of mankind but just so much more territory, to be staked out by the strongest.

As Ratiner observes, the decision to stand apart only defers American participation to a day when "the rules of the game will already be set and our industrial competitors... will have gained by then major political and economic advantages." An administration that talks loudly and often about strategic minerals has made a strategic blunder.

Make Soccer, Not War

From THE WASHINGTON POST:

Soccer shows us the way to world peace. The mad, explosive revelry of the Italians on winning the World Cup had it all. It was V-J Day, only without all the horror that had gone before. It was Falklands fever, only without the Falklands. It was nationalism, only without F-16s. It gave us an idea (how could it not?) about a logical and relatively bloodless substitute for patriotic carnage.

We say a "relatively bloodless" substitute because, as is well known, there is a certain amount of unauthorized bashing and stomping that goes along with soccer. But say this for it: It is harmless compared with what a couple of Sidewinder missiles can do. It takes place among combatants who are not conscripts, but rather volunteers — and pretty gung-ho volunteers at that. And it seems to suit all those competitive urges and combative instincts that have been with mankind since anyone can remember, and which surely always will be.

From time to time, when some us-against-them episode complicates the machinery of the international Olympiad, you hear a lot of sanctimonious chattering about how sports, the Olympics, the sheer joy and beauty of it all should have nothing to do with politics — which is of course sheer nonsense. The Games engage politics and nationalism in their most robust but innocent form. It was

only a few years ago, after all, that everybody was saying that the United States had somehow, mystically, got its own back — its self-respect — its pride? — after a season of international failures and disappointments and that this was the doing of the surprise victory of the American ice hockey team at the Lake Placid Winter Olympics. You could name countless other moments when a sporting victory, some national team's triumph, rescued a beat-battered people from a spell of the collective gloom and possibly kept them out of some much worse trouble.

Some people will call it "sublimation." Others will point out that there is nothing new about this effort to divert aggressive energies to athletic encounters. The restless and terrifying second- and third- and fourth-born sons of medieval Europe were not put to the tournaments and all that jousting and so forth for nothing. It was, at least in part, to keep them out of their elders' domains. From time to time their contests, too, got out of hand, but nothing's perfect.

Our own sense is that there is a political future for these wonderful Madrid-style exercises in unembarrassed, unrestrained and unrepentant nationalism. So we congratulate the masterful Italian team and the delicious Italian fans not just on a spectacular and thrilling victory, but also on their inspiration to us all. The message from the World Cup is simple: Make soccer, not war.

Other Editorial Opinion

Italy First, Poland Third

The great dream came true — Italy never so wild, never so beautiful.

— L'Unità (Rome).

Italy, soccer makes you beautiful.

— Stampa Sera (Turin).

In this difficult period, such a success is a spiritual boost.

— Zdzisław Wolności (Warsaw).

Dissension in OPEC

For the first time in a decade a meeting has had to be "suspended indefinitely" in the face of total disagreement. The divisions between Saudi Arabia and Iran, for effectively between the Gulf Arab states and Iran, have now reached a point where the participants have been unable to suppress their political differences in the interests of mutually beneficial oil policies.

— The Times (London).

JULY 14: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: British Fleet Discussed

LONDON — Simultaneously with the announcement that the Conference at The Hague is likely to be productive of unexpected results there has arisen in England acute discussion upon the naval strength of the country and the relation it bears to the fleets of the other great powers. The conjunction of these circumstances is doubtless due to the promise made by the British government that, if its endeavors in the direction of arbitration failed, it would increase the number of battleships in its program for this year. The continued outcry in a section of the press about the alleged unreadiness of the fleet for instant action has created a certain amount of unrest in the public mind.

1932: Revolt in South America

BUENOS AIRES — Revolt has flared in four South American countries: Brazil, Peru, Chile and Ecuador. In addition, Uruguay severed diplomatic relations with the Argentine, returning its passport to the Argentine ambassador; the rupture follows the visit of the cruiser Uruguay to Buenos Aires for Independence Day celebration. Five states are reported to have joined the insurrectionist movement in Brazil: federal troops are being mobilized at all points and reliable advisers state that President Vargas may be forced to resign. According to advisers from Chile, former president Carlos Ibañez, back after being called for a year, is waiting at Concepcion to attack the government.

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A Self-Inflicted Soviet Reputation

By Anthony Lewis

MOSCOW — The thin young man sat on the edge of his bed talking calmly about the prospect of his physical collapse. When I saw him on July 7 Sergei Petrov had had nothing to eat or drink except water for 36 days. He was on a hunger strike for the right to leave the Soviet Union and join his American wife.

"It's impossible for me to believe I am so important that I must be kept here as a national treasure," he said. "I am not a dissident. I don't want to change Soviet society or reform it. I think that is an impossible task."

"I just don't want to have anything to do with it." Two days later, in a highly unusual move, an official of the Soviet office for exit visas held a press conference. He told foreign correspondents that neither Petrov nor another hunger striker, Yuri Bolovnikov, would be given visas. He charged that the United States, in its concern for separated families, was interfering in the internal affairs of the Soviet Union.

When people in the West care about the fate of a Petrov, Soviet officials often suggest that the real motive is provocation, a desire to worsen relations with the U.S.S.R. If they believe that, they are making a bad mistake. It is the refusal to let husbands and wives live together when they wish — an arbitrary, pointless refusal — that is provocative.

There are about 70 marriages a year between Soviet and American citizens. Most of the Soviets are allowed to leave without much fuss. But in a few cases the answer is a long, slow, Kafkaesque no. Eight years ago Irina Astakhova married a visiting American professor, Woodford McClellan of the University of Virginia. She has been repeatedly denied an exit visa, officials

suggesting at various times that her case was "complicated" or involved "security." She has had no regular job since 1975, and ekes out a living giving private English lessons.

Security was also given as a reason for refusing to let Petrov go. Now 29, he got a college degree in physics in 1976. He was assigned to a military research institute but was dismissed after three months — before, he says, he got into any secret work. In any event, that was six years ago.

Since 1976 Petrov has been a freelance photographer, selling pictures to Soviet book publishers and others. His specialty is old architecture, and he has built up a reputation as a talented photographic artist.

"It's one of the few professions in the Soviet Union that gives you an independent social position," Petrov said. What others were there? I asked. "Painter. Criminal."

He met Virginia Hunt Johnson of Roanoke, Va., when she was an exchange student in Moscow in 1980. They were married in Moscow in February, 1981, and he applied for an exit visa. All of his book contracts were immediately canceled.

Petrov lives with his mother in a small apartment on the outskirts of Moscow. When I saw him, he had lost about 40 pounds.

He could no longer even drink meat water, he said, because his kidneys were starting to fail. "I started this hunger strike not just to scare people," he said, "but because I couldn't bear this life any more. I am not going to stop unless they let me go — not even if they take me to a hospital by force."

The Soviet bureaucracy is evidently

worried about the hunger strike tactic. Last fall the government gave way to Andrei Sakharov, the great dissident banished to Gorki when he struck to get an exit visa for his daughter-in-law. More recently a group of six Russians married to Americans started fasting to apply pressure for exit visas; eventually all were promised visas. But one, Balovnikov, went back on strike when officials broke the promise and said he would not be allowed to leave. Petrov has acted on his own.

Why does the Soviet government want to make an issue of this handful of people? None is by any stretch of the imagination a threat to the state. All they want to do is live with their wives or husbands. The only thing that has given them importance is the refusal to let them do so.

The policy is especially puzzling because it encourages the extreme anti-Soviet view in the United States and inside the Reagan administration. The American division is obvious nowadays. There are those who want to preach at the Soviet Union and out negotiate. There are others — I believe they are the realists — who do not like the Soviet system but think negotiation is essential in a nuclear world. That argument is hard to make when the Soviets show such contempt for their Helsinki undertakings on divided families.

Petrov said Soviet bureaucrats "don't need a reason to refuse us, but they do need a reason to let us go." Higher officials in Moscow should surely understand one reason to stop tormenting Petrov and the others married to foreigners: The policy makes it harder to accept the Soviet government as a serious one, motivated by national self-interest.

The New York Times.

Mitterrand Has Portugal Worried

By Ken Pottinger

LISBON — Portuguese are worried by the apparent duplicity of an erstwhile ally, France's President François Mitterrand. The tough position he took in Madrid last month on enlargement of the EEC could significantly delay Portugal's membership and block the country's entry into the Community.

Earlier this year in Lisbon, Mitterrand promised unconditional support for entry into the Community, a position later echoed by other Community leaders, with slight variations of emphasis, during a tour of EEC capitals by Premier Francisco Pinto Balsemão. Now the Mitterrand bombshell has prompted the EEC Commission to begin a detailed study of the costs of enlarging the Community to 12 members, which seems certain to put negotiations on ice.

Officially, the Portuguese say nothing has changed: The target year for entry remains 1984, talks continue and the problem for Brussels is absorbing Spain, not Portugal. But the French president's remarks have left a bad taste, especially as French-Portuguese links have grown significantly in the postwar decades, with more than a million Portuguese emigrants living and working in France.

Originally, the two Iberian neighbors based their separate pursuit of membership in the European club on the need to anchor their re-established, fragile democracies to the older European tradition embodied in the

EEC. In principle the European members warmly accepted this political motive. But harsh realities of budgetary, agricultural and fishing problems in the EEC are apparently causing a fundamental rethink among some members, notably France.

Diplomatic diligences by France after Mitterrand's Madrid demarche have sought to assure Portugal that France is not changing course. But a top Lisbon official commented, "How far can we trust the French, who have always bargained very hard over protecting their interests?"

Portugal applied before Spain, and has always insisted she be admitted first. In practice and for bureaucratic convenience, Brussels has worked toward joint integration. Yet the EEC has always promised Portugal that any major obstacle to Spanish membership would not be allowed to stand in Lisbon's way.

One theory going the rounds in top Lisbon circles is that the current French attitude is designed to hold out Portuguese membership while France tries to gain a stronger foothold in the Portuguese market, and especially to dominate incipient triangular trade efforts with the former Portuguese colonies in Africa, notably Angola and Mozambique.

The French auto manufacturer Re-

nault is already a major concern in Portugal, and French mining interests are well placed in the Alentejo pyrite deposits, believed to be among the biggest in Western Europe. But France will have to contend with other major European powers and longtime trading partners of Portugal, such as Britain and West Germany — which has made clear that on the EEC question of budget reform, Bonn will give way only after Portugal and Spain are firmly aboard.

Portuguese opinion is split on membership, as the full impact on commerce and industry becomes clearer. Some industrialists say a delay would provide more time to prepare for the fundamental changes entry will bring. Others say the longer the negotiations drag on the less certain the political climate will be about integration. Certainly, long delay would bring considerable loss of face for the present government, which is committed to early entry.

No concrete alternatives to the EEC have been seriously studied. Politically, Portugal would be out on a limb if Brussels changed its mind about admitting it. Any veto against either of the Iberian neighbors would have grave consequences for democracy in the peninsula, where the system is still a tender plant requiring careful nurture and moral support from the rest of Europe.

International Herald Tribune.

Divided Iranians Brace For Impending Chaos

By Mehrdad Khonsari

The writer, a former Iranian diplomat, is foreign policy adviser to Shapur Bakhtiar and the National Movement of the Iranian Resistance.

LONDON — More than three years have now elapsed since the overthrow of the monarchy and the establishment of an Islamic Republic headed by Ayatollah Khomeini. His advent, at one time considered impossible by students of international politics, has brought far-reaching changes to Iran's social, economic, political and cultural life.

These effects are likely to threaten other countries where Shia Muslims form large and at times restive communities. Such communities are of paramount importance in the Gulf region, where already a costly war has raged and trials were recently held of agitators bent on replacing the existing order in Bahrain with another so-called Islamic Republic.

Yet despite their successes, there is no question but that the Iranian authorities have failed fully to establish themselves. Daily outbreaks of violence in the cities, the continuing war in Kurdistan and the central government's lack of proper authority outside Tehran testify to this.

The once prosperous economy now has 5 million unemployed. Foreign currency reserves are virtually gone. Tehran has an expensive war to finance, amid prospects of lower oil incomes despite heavy commitments to import large quantities of goods.

The single most important factor that has kept the Iranian going despite such problems has been the determined leadership of Ayatollah Khomeini and his Machiavellian sense of survival. His personality shaped the creation of the Islamic Republic and has since kept it afloat.

Eroded Popularity

His success as a politician is due to the fact that he has repeatedly shown his complete devotion to pay the price of retaining power, even that price has been excessive beyond all reasonable proportions.

Yet the erosion of his popularity in three years is evident. The sole and undisputed leader of a grand coalition that toppled the "King of Kings" is today representative of only a faction of that grand coalition. Almost all secular political forces within Iran — democratic and undemocratic, left and right, with the exception of Iran's Tudeh (Communist) Party — have in one way or another abandoned Khomeini. Even in his own clerical constituency, dissent from what is popularly known in Iran as the "Imam's line" has become apparent.

The other possible leading actor in the political scene, the decapitated armed forces, has been engaged in a major confrontation a safe distance from Tehran. In its place, particularly in Tehran, are Khomeini's mercenaries, the Revolutionary Guards. Backed by them and with the support of his raw instincts, Khomeini has beaten insurmountable odds and retained power. But his ego, sickness and impending death are undeniable.

Thus, with his blessing, as recently announced by President Khamenei, a council has been set up to begin assuming the duties currently entrusted in Khomeini under the Islamic constitution. Along with Khamenei, it consists of Ayatollah Hossein Ali Montazeri, who was Khomeini's designated heir early in the revolution, but whose uninspiring personality has upset Khomeini's calculations; and Ayatollah Golpayegani, a respected religious leader.

This triad is supposed to assure continuity after Khomeini's departure from the scene. But the plan is far from acceptable even to the clerical constituency, which is essentially divided in three camps.

Clerical Factions

The first, headed by the fundamentalist Khamenei and his brother, Premier Mir Hossein Mousavi, is believed to favor closer ties with the Soviet Union and its satellites.

Another faction, while staunchly supportive of Khomeini's doctrine of "Islamic government," advocates a more pro-Western approach to foreign policy. This faction is headed by Hojatoleslam Hashemi Rafsanjani, the speaker of Parliament.

A third faction led by the now disgraced Ayatollah Kazem Shariatmadari and other prominent ayatollahs, is said to favor less clerical involvement in the administration of the state, in the belief that the clergy should protect their long-term interests by not involving themselves in matters they are bound to reduce their public credibility. This

faction is of the opinion that although, as an Islamic country, Iran is naturally linked to the democratic states of the West, its interests are nevertheless best served by a truly nonaligned posture based on respect for democratic traditions and values. Shariatmadari was the first to condemn Soviet aggression in Afghanistan, but that stance as a whole does not favor pursuing provocative policies toward the Soviet Union.

A radical religious group, the Mojibati, which takes credit for initially influencing the official campaign against the Bahais and which advocates a more fundamentalist interpretation of Islam than Khomeini, has recently surfaced and is believed to have a few of its leading members in the present Cabinet.

Most observers believe that once Khomeini is gone, his handpicked troika would fare no better than the regency council that the late Shah designated before his departure from Iran in January, 1979.

As the competing clerical forces began the quest for power, each would enlist its share of the Revolutionary Guards, with the result that the regime's present source of protection would cease to protect Khomeini's heirs, and the battle for power would become wide open and no longer confined to the clerics.

The likelihood is thus an impending crisis in Iran with serious consequences for the region and for world peace after Khomeini's death.

Apart from the unpopular, Soviet-financed Tudeh Party, which has so far for tactical reasons played along with Khomeini, Iran's secular political forces can be essentially be divided into two major groups.

One, led by former President Abolhassan Bani-Sadr and Mujibati guerrilla leader Massoud Rajavi, represents a radical socialist viewpoint and closer alignment with the Soviet Union. The other, the National Movement of the Iranian Resistance (NAMIR), led by Shapur Bakhtiar, represents a coalition including social democrats and constitutionalists.

There are smaller factions of moderate persuasion, such as those led by Ali Amini, a reformist premier of the early 1960s, and Adnan Ahmad Madani, who, with Hassan Nazif, represent the liberal called "breakaway" from the Khomeini regime.

Monarchists backing Reza Pahlavi want restoration of monarchy so as to maintain Iran's territorial integrity under the umbrella of a king who would be a unity symbol for a multi-ethnic, multi-linguistic society. But their platform is little more than unwavering dedication to their symbol, whom they insist should not be involved in the day-to-day affairs of state. Most of their supporters are believed to favor the creation of a government headed by Bakhtiar.

NAMIR is organized only to liberate Iran from its present plight so that Iranians can choose their own form of government. It advocates election of a constituent assembly to draft a new constitution. The movement is nationalistic in character and not subservient to any external force. It believes in a working relationship with popular elements of the religious constituency and the armed forces, with a view to promoting a national consensus in a time of chaos.

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Recalling, in Depressed Times, How FDR Could Not Give Up

By Haynes Johnson

CAMPBELL, New Brunswick Franklin D. Roosevelt returned to Campobello Island, his New Brunswick refuge from political battles and the strains of Washington, 61 years ago this month.

His secretary thought he looked tired when he left the office, she wrote to his wife. But Roosevelt never conceded fatigue. Besides, Campobello was more than a refuge for him. It was a restorative. Although his idea of resting "would have worn out most men," as one of his biographers, Frank Freidel, later wrote, FDR came prepared to plunge into the vigorous daily regimen that was characteristic of him even on vacation.

From the moment of his arrival, his trip to Campobello was fated. He was returning aboard a friend's yacht, the Sabalo, when they ran into foul weather. Since the captain did not know the treacherous Bay of Fundy waters, with their unpredictable tides that rise and fall as much as 25 feet, FDR, a superb sailor, took over the helm. He battled the fog and tides for hours before bringing the yacht safely into Wellespool Harbor.

The next day he was aboard the Sabalo again, fishing for cod under a blazing summer sun. He was crossing a varnished plank beside the hot engine when he slipped overboard into the Atlantic. "I'd never felt anything so cold as that water," he later recalled. "I hardly went under, hardly wet my head, because I still had hold

of the side of the tender, but the water was so cold it seemed paralyzing."

Chilled to the bone but unconcerned, Roosevelt continued his energetic activities. Not long after, while he and his children were sailing in their own small yacht, the Vireo, they saw a forest fire on a small island and stopped to fight it. Roosevelt cut evergreen branches for himself and his children, and they flailed at the flames for hours. "Late in the afternoon we brought it under control," he said. "Our eyes were weary with smoke; we were begrimed, snarling with spark burns, exhausted."

To quote Freidel again: "The remedy, Roosevelt thought, would be a swim. So with his children he dog-paddled two miles along the hot, dusty roads across the island of Campobello, swam across a narrow freshwater lagoon inside the beach, and dipped into the frigid waters of the Bay of Fundy. Then they ran back to their bathing suits."

When he got home the mail had been delivered along with several newspapers he hadn't seen. For about half an hour he sat reading, still in his wet bathing suit. He didn't feel well. The swim and the run had failed to provide, as he put it, "the glow I expected... I sat reading for a while, too tired even to dress. I'd never felt quite that way before."

He went to bed early, after quietly

excusing himself from the dinner table by saying he thought he had a slight attack of lumbago.

The next morning, he recalled, "when I swung out of bed my left leg lagged, but I managed to move about and to shave. I tried to persuade myself that the trouble with my leg was muscular, that it would disappear after the period of rest. But presently it refused to work, and then the other."

Although he was in pain and had a fever of 102, he greeted his daughter, Anna, with a smile and a wisecrack when she came into his room bearing a breakfast tray. That moment marked the beginning of Roosevelt's long ordeal with polio. He never regained the use of his legs, and never experienced a day without pain.

This Fourth of July, a remembrance was held at the Roosevelt Cottage on Campobello Island. The cottage has been restored and is open to the public from spring to fall. It is maintained as it was when the family used it, by the Roosevelt Campobello International Park Commission, a joint U.S.-Canadian body.

This occasion was a commemorative service by the park commission to mark the 100th anniversary of FDR's birth this year. It was a simple affair, which was as it should be.

Strip away all the old controversies and demolish all the old myths about Franklin D. Roosevelt — the New

Deal, liberalism vs. conservatism, big government vs. small — and you come down to a man of extraordinary courage.

This year it seems especially relevant. Hard times are upon America. In some regions they are the hardest since FDR was elected president in the depths of the Depression 50 years ago. Now, as then, nervous tremors are felt. People are anxious about the state of the economy and the world. The principal FDR legacy involves a

state of mind: By his example he was able to transform national doubt into hope. Through his personal qualities, through sheer guts, through refusal to admit defeat, he was able to help Americans believe in themselves again. In the years to come after his death at Campobello, millions of Americans never thought of him as crippled. Instead he became a symbol of optimism and strength for a nation experiencing its gravest challenges at home and abroad.

The Washington Post.

LETTER TO THE EDITOR

Rights and Business

As a French businessman who approves of President Reagan's economic policy, I was amazed by Karen Aronson's article ("Analysis: See Deep Scares From Prolonged High Rates," IHT, July 8) because it denies the free enterprise system. America has succeeded by applying a few sound principles: that the rights of the individual are supreme; that freedom and property are essential to individual expression; that free enterprise will develop mankind;

Poland Begins to Free Political Prisoners as Solidarity Urges Calm

By David Storey

WARSAW — Poland's martial law authorities quietly have begun to release some of about 2,500 political prisoners, as fugitive Solidarity leaders Tuesday called in a leaflet for a moratorium on strikes and demonstrations.

Some of those freed from camps and prisons around the country said they expected the trend to gather momentum.

Among the prisoners released last week was Maciek Kuron, 22, son of Jan Kuron, leading dissident and Solidarity adviser. Maciek Kuron said he believed about 40 of 300 persons held in Bialoleka Prison outside Warsaw were freed last week.

Maciek Kuron is still being held, but 15 others who are considered dangerous opposition figures in Bialoleka. His wife, Grazyna, was freed from a camp on the Baltic a month ago and is recovering from tuberculosis contracted in detention, Maciek Kuron said.

To Mark National Day

Underground sources said persons were released from other camps, particularly those arrested in street riots after Solidarity demonstrations in May. Church and diplomatic sources said they believed the authorities were planning to release a large number as a gesture to mark national day, July 22.

About 5,000 persons were interned after the Dec. 13 military takeover, and others have been imprisoned since.

The leaflets from Solidarity were sent to public leaders of the underground from the union circulated their appeal for the summer of strikes and demonstrations.

3 Named by Holy See To Probe Bank's Deals

VATICAN CITY — The Holy See named three outside financial experts Tuesday to examine the Vatican bank's dealings with Banco Ambrosiano, the Milan bank at the center of a major financial scandal.

The highly unusual move was an effort to clear the air after the Italian government demanded that the Vatican give a detailed account of its dealings with Banco Ambrosiano.

A brief Vatican announcement said the experts — an American, a Swiss and an Italian — will examine the situation and will make recommendations and give advice. The announcement was the first public reaction by the Vatican to the case.

Questionable Loans

Banco Ambrosiano, Italy's largest private bank, has been under investigation by examiners from the Bank of Italy, the central bank. The examiners are reportedly looking at questionable loans made by Banco Ambrosiano's president, Roberto Calvi, who was found dead last month in London. Police have yet to rule on whether the death was a murder or a suicide.

The books of the Institute of Religious Works, as the Vatican bank is formally known, are a closely guarded secret. The bank is headed by Archbishop Paul Marcinkus, a native of Cicero, Ill. He is answerable only to Pope John Paul II. The Vatican bank owns 1.58 percent of Banco Ambrosiano and Archbishop Marcinkus had frequent dealings with Mr. Calvi.

Actor Kenneth More Dies at 67 in Britain

LONDON — Kenneth More, 67, award-winning stage, screen and television actor, died Monday. He had suffered from Parkinson's disease for several years.

Mr. More was named film actor of the year in 1954 by the British Film Academy for his role in the comedy "Doctor in the House," but he was just as effective in stage dramas such as "The Winslow Boy" and he was one of the stars of the hit television series "The Forsyte Saga."

His films included "Genevieve" (1953) with Kay Kendall; Terence Rattigan's "The Deep Blue Sea" (1955); with Vivien Leigh, for which he won the best actor award at Venice in 1955; "Reach for the Sky" (1956) in which he portrayed legless flying ace Douglas Bader; "Sink the Bismarck" (1960) and "The Greenglass Summer" (1961).

Mr. More got a job as a stagehand for about \$8 a week in 1935 at the Windmill in London and recalled that the producer told him: "Don't come to me later and say you want to be an actor." Mr. More, of course, did just that and late in 1935 made his stage debut as a comic between striptease acts.

During World War II, he was a lieutenant in the Royal Naval Volunteer Reserve and resumed his acting career immediately thereafter.

His masculine good looks allied to a fine voice and natural style of acting won him many stage roles and led, in 1948, to the British box office success, "Scott of the Antarctic."

"I was paid \$250,000 tax free which, through the years, with investments, I've managed to keep," he said.

But his health was suspect. He

pension of strikes and demonstrations until the end of July and for reciprocal gestures from authorities.

The leaflets, dated June 26 but released on the day marking the start of the eighth month of martial law, said the gestures should include the release of political prisoners and an amnesty for those punished under martial law rules.

Four Signatories

The four signatories of the appeal, fugitive leaders of Solidarity in Warsaw, Gdansk, Krakow and Wroclaw, said the moratorium was also designed to ease the way for a planned visit to Poland next month by Pope John Paul II. They said the gesture was also intended to show readiness to reach an understanding with the Communist rulers.

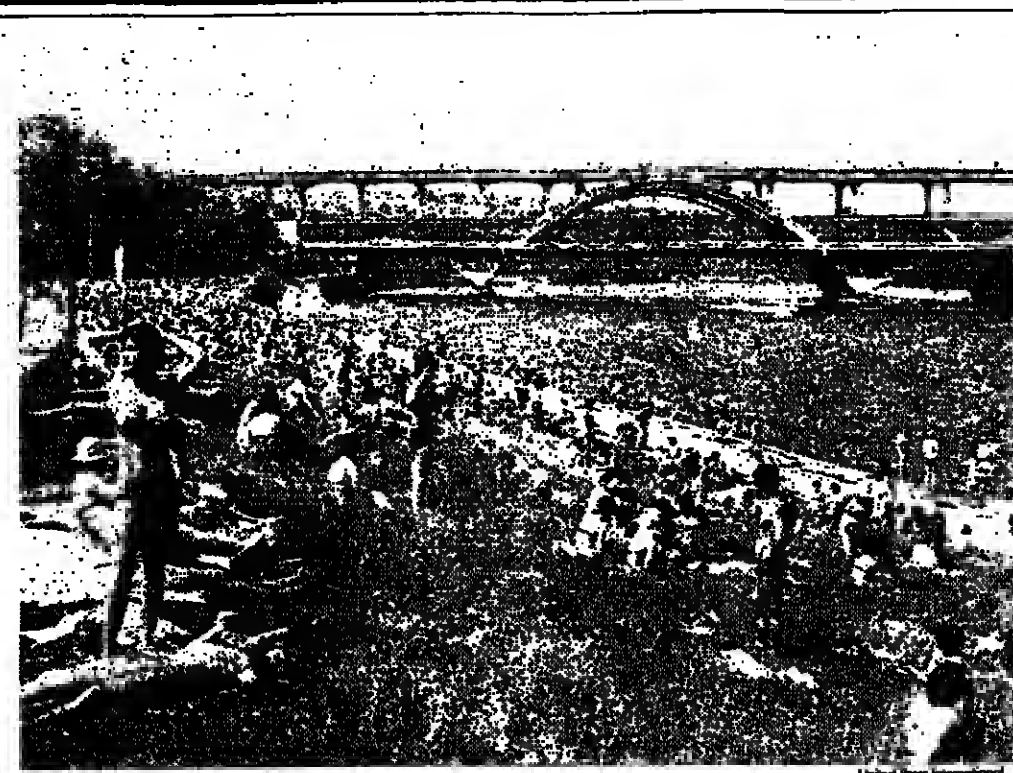
If there were no such response from the authorities the underground would be forced to resume its resistance, perhaps by holding a general strike.

On July 21, the Catholic primate, Archbishop Jozef Glemp, will return from Italy where he has had extensive talks with the pope on his plans to visit his homeland next month.

Papal Trip

He is expected to indicate whether the pope will come Aug. 26 as initially envisaged, or postpone the trip.

The authorities here are concerned that the pope's visit would provoke the kind of national euphoria aroused the last time he was in Poland in 1979, which, in the present climate of opposition to martial law, could be hard to control.



SUMMER IN THE CITY — Thousands of Muscovites lined the Moscow River, near the double-decker Metro bridge, to sunbathe as the temperature rose to 86 degrees Fahrenheit.

Starvation No Longer Haunts Timor, But Life Continues to Be Difficult

By Kenneth L. Whiting

The Associated Press

DILI, Indonesia — The specter of mass starvation no longer haunts East Timor, but many of its people regularly go to bed hungry.

Although the famine that hit wide areas of the former Portuguese territory in 1978 and 1980 has abated, the province as a whole cannot grow enough to feed itself, according to relief specialists, missionaries, Indonesian officials and Western diplomatic observers.

"In Timor, even the good times are bad," one diplomat said. "Good times are only when they need to import less food."

Indonesia's 27th province by virtue of a 1975 invasion is no tourist-vegetable tropical island. Sparse vegetation in the highlands and scars left by slash-and-burn farming give it a desolate look. The earth is cracked and dusty in the dry season and flooded when the rains come.

Before Indonesia seized Portugal's half of the island, East Timor needed about 60,000 tons of rice and 40,000 tons of corn a year. The colony managed to grow only 25,000 tons of rice and 15,000 tons of corn, according to Portuguese records.

"If you saw it before, you can't say it is worse now," said A.P. Kalangie, 52, provincial secretary and Indonesia's leading administrator in Dili, the provincial capital. "The Portuguese only cared for the Portuguese, not the other inhabitants. We have no shortage of food."

Portuguese Rule

Portugal controlled the territory on the eastern tip of the Indonesian archipelago for more than four centuries. High-quality coffee was the export.

Acting Gov. Francisco Xavier Lopes da Cruz acknowledged that there are food shortages in some areas while others have a surplus. Laga, Laleia and several other villages east of Dili had poor seasons, Mr. Lopes da Cruz said. Maliana, Viqueque, Suai and other areas to the south had extra grain.

"You can find some families that do not have enough food, but the emergency is over," he added.

He referred to a period when East Timor faced disaster on the dimensions of Cambodia and the Biafra region of Nigeria. Emergency food finally came in, but critics

say thousands of lives could have been saved had Indonesia permitted the aid sooner.

The death toll from years of rebellion, disease and starvation is uncertain. Some anti-Indonesian sources say more than 250,000 perished from all causes. Roman Catholic clergymen estimate that more than 100,000 died.

The 1980 census put the population at 552,954. The last colonial Portuguese figure, only an estimate, was 635,000. The population of East Timor is Roman Catholic, a legacy of Portuguese colonialism, while the rest of Indonesia is Moslem.

Indonesia remains sensitive to suggestions that outside help was needed. Most foreign aid specialists decline to be identified for fear that published comments about food problems might inspire some officials to tell them to leave.

Hans Meier-Eybers, a Swiss agricultural specialist, said, "I have not come across any signs of food shortage, but I have not seen much of the rest of the province."

Martinho da Costa Lopes, the Vatican's representative in East Timor, declined to be interviewed. "Our view of things differs from the government, which forbids us from telling the truth," he said.

But in a letter last year to an Australian Catholic relief agency, he said that a military sweep designed to catch guerrillas interrupted farming and that "the result will be at least a poor harvest, at worst a famine."

Asked where he planted crops, the headman of a resettlement village near Dili pointed to a parched hillside. "Do you get enough to eat?" he was asked.

"Sometimes yes, sometimes no," came the answer.

Yugoslavs Trying to Calm Tension Between Kosovo Serbs, Albanians

By Marvyn Howe

New York Times Service

PRISTINA, Yugoslavia — Danilo Krstic and his family are hard-working wheat and tobacco farmers, Serbs who get along with their Albanian neighbors.

"You have to love the place where you live to stay on the land here," Marko Krstic, the oldest son, told visitors to the farm at Bec, a few miles from the Albanian border. There have been no serious troubles between Serbs and Albanians in Bec, but Serbs in some of the neighboring villages have reportedly been harassed by Albanians and have packed up and left the region.

The exodus of Serbs is admitted by one of the main problems that the authorities have to contend with in Kosovo, an autonomous province of Yugoslavia inhabited largely by ethnic Albanians.

Last year's disturbances, in which nine persons reportedly were killed, shocked not only the troubled province of Kosovo but also the entire country into an awareness of the problems of this most backward part of Yugoslavia, which is made up of many ethnic groups.

Response to Trouble

The authorities have responded at various levels to troubles in Kosovo, clearly trying to avoid antagonizing the Albanian majority. Besides firm security measures, action has been taken to speed political, educational and economic changes.

Privately, some officials acknowledge that the rise of Albanian nationalism in a society that is based on the principle of the equality of nationalities is the result of past errors — at first neglect and discrimination, and, more recently, failure to act against divisive forces or even to recognize them.

"The nationalists have a two-point platform," said Beir Hoti, an executive secretary of the Communist Party of Kosovo: "First to establish what they call an ethnically clean Albanian republic and then the merger with Albania to form a greater Albania."

Mr. Hoti, an Albanian, expressed concern over political pressures that were forcing Serbs to leave Kosovo. "What is important now," he said, "is to establish a climate of security and create confidence."

Cultural Heartland

The migration of Serbs is no ordinary problem because Kosovo is the heartland of Serbian history, culture and religion. Serbs have been in the region since the seventh century, long before they founded their own independent dynasty in Kosovo in 1168.

About 57,000 Serbs have left Kosovo in the last decade, and the number increased considerably after the riots of March and April last year, according to Vukasin Jokanovic, another executive secretary of the Kosovo Communist Party.

Mr. Jokanovic, former president of the Commission on Migration set up after last year's disturbances, said the cause of Serbian migration was "essentially a political nature."

The commission has given four basic reasons for the departures: social-economic, normal migration from the underdeveloped area, an increasingly adverse social-political climate, and direct and indirect pressures.

Last year's census showed Kosovo with a population of 1,584,558, of whom 77.5 percent were ethnic Albanians, 13.2 percent Serbs and 1.7 percent Montenegrins. The population of 1,243,693 in 1971 was 73.8 percent Albanian, 18.4 percent Serbian and 2.5 percent Montenegrin.

In a recent visit to Kosovo, Nikola Ljubovic, head of the Serbian

Presidency and a former minister of defense, expressed particular concern about the continuing exodus of Serbs.

"An ethnically clean Kosovo will always be cause for instability," Mr. Ljubovic said, adding that Yugoslavia "will never give up one foot of her land."

Conversations with Serbs and Albanians in different parts of the province showed that they were generally troubled about the Serbian migration but did not know what to do about it. Some people described it as "psychological warfare" but were at a loss to explain who was at fault.

In Pristina, the provincial capital, with its skyscrapers and bustling streets, people said they felt relatively secure because the authorities maintained "a close watch." Although the army remains at a distance and has not had to intervene, there is a strong militia presence.

In some mixed communities, there were reports of farmers being pressured to sell their land cheap and of Albanian shopkeepers refusing to sell goods to Serbs.

"We don't want to go because we have a large farm," a Serbian farmer's wife said in a village near Pristina. She said their property had not been touched but that they felt uncomfortable. Several neighbors have left, she said, and her sons, who were planning to build a new house, have stopped. "To see how things will turn out."

There have been many changes, but most people in Pristina agree with that more could be done. The main thrust of the changes, however, is economic. "We're going to change the economic structures with more emphasis on agriculture, the processing industry, small business and handicrafts," Economic Minister Aziz Abrashi said.

"Ninety-nine percent of the Albanians have no wish to live in Albania," said Mr. Abrashi, an Albanian, "but they view the rest of Yugoslavia and are aware of the higher living standards. Our young people want the same good life, the nice houses and cars, and they can't get them if they can't get jobs."



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BUSINESS / FINANCE

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BUSINESS BRIEFS

British Steel Reports Lower Losses

LONDON — State-owned British Steel Corp. had a pre-tax loss of \$335 million (\$192.82 million) in the year ended April 3, down from a loss of \$665 million the previous year, the annual report said Tuesday.

Sales rose to \$3.44 billion from \$2.93 billion. The improved results stemmed from BSC's program to raise its domestic market share, and also export volume, the report said. Higher productivity and improved capacity and energy utilization contributed as well, it said.

BSC said its weekly trading loss before interest had fallen to £1.8 million a week by last November from an average of £6.3 million in April to June. It said orders deteriorated in February and a generally reduced level of business had persisted since April. Its domestic market share came under renewed pressure in the second half, mainly from imports from outside the European Economic Community, though complete data are not available, the company said.

Nissan, VW to Discuss Cooperation

TOKYO — Nissan Motor, Japan's second largest automaker, said Tuesday that Carl Horst Hahn, president of Volkswagen of West Germany, will arrive in Tokyo next week to discuss ways of promoting joint venture cooperation between the two companies.

A Nissan spokesman said Mr. Hahn and Nissan's president, Takashi Ishihara, may discuss Nissan's plans to assemble VW cars in Japan, but declined to discuss further details. Under a 1981 agreement, Nissan, producer of Datsun autos, is to assemble 60,000 of a new VW medium-sized model, the "Santana," in Tokyo, beginning October, 1983.

Ministers Discuss AEG Cash Crisis

BONN — Government ministers discussed AEG-Telefunken's cash crisis with company bankers Tuesday ahead of reporting on it Wednesday to a cabinet session, an Economics Ministry spokesman said.

The spokesman was unable to say what results emerged from the two-hour talks between Economics Minister Otto Lambrecht, Finance Minister Manfred Lahnsteiner and officials of AEG and its banking consortium.

A ministry statement said the talks dealt with the possible provision to AEG of extra bank liquidity and federal export credit guarantees. Government officials declined to say whether the cabinet, meeting Wednesday for the last time before summer recess, will definitely take a decision on federal help, but noted that the company's needs are immediate and cannot wait weeks.

Thrift Brokerages Opposed in Court

NEW YORK — The Securities Industries Association, the major trade association for U.S. securities firms, has sued the Federal Home Loan Bank Board on charges of illegally permitting a group of savings and loan associations to operate stock brokerage and investment advisory services.

The association asked the Federal District Court in Washington on Monday for a declaratory judgment and an injunction against the bank board, asserting that it exceeded its statutory authority and that its action was illegal.

On May 6, the board authorized the savings and loan associations, through a newly held subsidiary, to operate the brokerage and advisory services. Last week, the Securities and Exchange Commission, the regulatory agency for brokerage operations, went along with the bank board's ruling. If the plans are approved, it would mark the first time that such one-stop investment services are offered by thrift institutions.

EEC, Plastics Firms to Discuss Cartel

BRUSSELS — European Community Industry Commissioner Etienne Davignon will meet Wednesday with officials of European plastics companies for talks on the possibility of setting up a "cartel" to cut overcapacity, an EEC spokesman said Tuesday.

The meeting, taking place at the request of the plastics manufacturers, will examine the feasibility of setting up a plan akin to the 1977 "cartel" agreement on limiting output of man-made fibers in Europe, the spokesman said.

Hitachi Says Plans Are on Course

TOKYO — Hitachi said Tuesday its plans to develop an advanced computer for analysis and scientific calculations are unaffected by U.S. allegations of a conspiracy by Hitachi and others to obtain secrets from International Business Machines.

The company was commenting on a report in the Nihon Keizai Shimbun newspaper that Hitachi had decided to postpone announcement of the computer until after this autumn, instead of the original schedule for this summer, because of the computer espionage affair.

AMCA to Press Bid for Giddings

MILWAUKEE — New Hampshire-based steelmaker AMCA International will proceed with its cash tender offer of \$25 a share for all outstanding shares of Wisconsin-based Giddings & Lewis, the machine tool company, it said.

Giddings & Lewis directors have decided to urge shareholders to reject the offer, valued at about \$262.5 million.

Flick Terms Earnings Unsatisfactory

DUSSELDORF — Earnings of the West German industrial group managed by Friedrich Flick Industriesverwaltung are expected to improve this year after producing 1981 results that chairman Friedrich Karl Flick termed unsatisfactory.

Mr. Flick strongly implied that the privately held I.V. group's consolidated profit almost exclusively derived from income from the holding company's 28.5 percent stake in W.R. Grace of the United States, from the sale of its interest in another U.S. unit, United States Filter Corp. last year and from the 10 percent I.V. holding in Daimler-Benz, the West German motor company.

Director Asserts IMF Not an Aid Institution

By Hobart Rowen

Washington Post Service

WASHINGTON — Third World countries should not look to the International Monetary Fund for an unconditional expansion of its lending facilities to solve all their troubles, IMF managing director Jacques de Larosiere said Tuesday.

Mr. de Larosiere, in a speech to the United Nations Economic and Social Council in Geneva, said that the IMF is a monetary institution helping member countries to make economic adjustments, rather than a development aid institution, like the World Bank. A copy of the speech was released in Washington.

Mr. de Larosiere's definition of the current IMF role closely parallels the limitations set by the "Group of Ten" rich nations recently in Helsinki. The distinction between a monetary institution and a development agency is one that is also being pushed hard by the Reagan administration. However, it still is being resisted by some smaller nations, and the topic will be further debated at the IMF's annual meeting in Toronto in September.

The poorer nations in the IMF have complained that the IMF recently has attached stricter conditions to its loans, in response to pressures from the richer nations. Mr. de Larosiere conceded that in the present difficult world environment, the national policies that are required to restore pay-

ments' viability are, of necessity, more stringent than in earlier and more stable times.

"Hence, the perception by some that conditionality has been tightened does not derive from any change in the fund's policies, but reflects the realities of the current situation and the scale of the payments deficits that have to be corrected."

At one time, the IMF staff reportedly talked of doubling the quotas. But Mr. de Larosiere's Geneva rejection of "unconditional expansion" appears to rule that out.

CURRENCY RATES

Interbank exchange rates for July 13, excluding bank service charges.

	\$	DM	FF	£	Yen	Sfr	Scd	DKr
U.S. dollar	1.00	1.78	6.55	0.70	107.00	2.00	13.76	4.82
West German mark	0.56	1.00	3.36	0.40	193.60	3.54	23.36	8.33
French franc	0.15	0.29	1.00	0.13	16.63	0.49	3.36	1.13
British pound	1.46	2.63	9.37	1.00	154.80	2.86	19.36	6.55
Japanese yen	0.01	0.02	0.07	0.01	100.00	0.02	1.37	0.46
Swiss franc	0.50	0.90	3.00	0.33	166.67	1.00	6.55	2.20
Scandinavian	0.13	0.24	0.84	0.10	137.50	0.26	1.71	0.56
Danish krone	0.21	0.38	1.36	0.15	200.00	0.40	2.63	0.87
Swedish krona	0.19	0.34	1.20	0.14	187.50	0.36	2.36	0.78
Norwegian kroner	0.16	0.29	1.04	0.12	162.50	0.31	2.00	0.67
Portuguese escudo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Spanish peseta	0.02	0.04	0.14	0.00	166.67	0.04	2.63	0.87
Italian lira	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1 Dollar = 100 Cents. 1 Yen = 100 Ryo. 1 Pound = 100 Pence. 1 Franc = 100 Centimes. 1 Mark = 100 Pfennigs. 1 Krona = 100 Halvers. 1 Escudo = 100 Dinheiros. 1 Lira = 100 Centesimi. 1 Peso = 100 Centavos. 1 Ryal = 100 Dirhams. 1 Tugrik = 100 Mogs. 1 Som = 100 Tugriks. 1 Baht = 100 Satangs. 1 Rupee = 100 Paise. 1 Shilling = 100 Pence. 1 Penny = 100 Farthings. 1 Mark = 100 Pfennigs. 1 Krona = 100 Halvers. 1 Escudo = 100 Dinheiros. 1 Lira = 100 Centesimi. 1 Peso = 100 Centavos. 1 Ryal = 100 Dirhams. 1 Tugrik = 100 Mogs. 1 Som = 100 Tugriks. 1 Baht = 100 Satangs. 1 Rupee = 100 Paise. 1 Shilling = 100 Pence. 1 Penny = 100 Farthings.

Dome's Burden Of Debt Makes Bankers Edgy

By Michael Blumstein

New York Times Service

NEW YORK — For years Dome Petroleum Ltd. was a company that glowed. It was among the pioneers developing new drilling techniques in the forbidding Beaufort Sea. The stock market applauded, pushing the company's shares to new highs, while people referred to its chairman and founder as "Smiling Jack."

Today, Dome Petroleum is tarnishing the Canadian government's National Energy Program and making five of the country's major banks extremely edgy about the losses they are risking.

The company historically has relied on heavy borrowing to finance its growth; its debts are now staggering and coming due fast. By the end of 1981, Dome's long-term debts were bigger than those of Ford Motor Co. and Chrysler Corp. combined. As of March 31, Dome reported total borrowings of 5.8 billion Canadian dollars (\$4.5 billion) and no cash or short-term deposits whatsoever.

"We are a company that is asset-rich, and temporarily our cash flow has been cut back substantially," John P. Gallagher, Dome's chairman and chief executive officer, said in a recent telephone interview from corporate headquarters in Calgary, Alberta. "I would suspect that certainly 1983 and beyond should start looking a lot brighter."

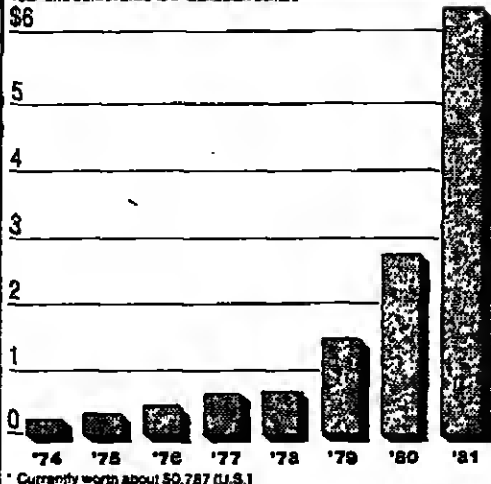
Whether Dome will indeed thrive soon is uncertain. But the feeling of most analysts is that the banks and Prime Minister Pierre Elliott Trudeau will have to find ways to assure that the largest independent oil company in Canada does not collapse.

Dome, a 32-year-old company with far-flung oil acreage in Canada's western provinces, the Beaufort Sea and the Arctic islands, was the darling of the energy industry through much of 1981. There was enthusiasm about the company's oil prospects, and market analysts also liked its natural gas liquids system and sophisticated fleet for drilling in icy waters. As late as May, 1981, one Wall Street analyst extolled the "managerial excellence and financial wizardry" of the company's leaders.

Dome's decline, analysts said, must be examined in the context of Canada's energy program, introduced

Dome Petroleum's Long-Term Debt

Year-end debt in billions of Canadian dollars



* Current worth about \$3.787 U.S.

in October, 1980. The program's goal was energy independence for Canada, including the acquisition by Canadian-owned companies of oil and gas properties dominated by U.S. companies and other foreign concerns. The government offered exploration incentives for companies owned by Canadian citizens.

Last summer, Dome bit the bait. It paid \$1.43 billion for 22 million shares of Conoco Inc., then returned the shares, plus \$245 million in cash, to buy Conoco's 52.9 percent interest in Hudson's Bay Oil & Gas Co., which had 13.6 million net acres in Canada and 8.9 million net acres elsewhere.

"There was a tremendous amount of publicity that Dome was doing precisely what the government had in mind," recalled Gint Berius, the senior oil analyst at Merrill Lynch Royal Securities Ltd. in Toronto. Dome, however, had to stretch itself thin to make the purchase. It started 1981 with long-term debt of 2.6 billion dollars, or 58 percent of its capital — a proportion double that of some comparable oil companies. By the end of the year, long-term debt had grown to 6.2 billion dollars, or 70 percent of capital.

Unexpected events brought the company close to the breaking point. Oil prices dropped, and the government raised taxes on production. Prices for lead, zinc and copper — produced by a Hudson's Bay subsidiary — also fell.

And the interest on Dome debt, most of it tied to current rates, stayed high as the company wrestled to

(Continued on Page 9, Col. 1)

Prices Are Off Slightly on NYSE As Retail Sales Decline by 1.5%

Reuters

NEW YORK — Prices on the New York Stock Exchange closed moderately lower Tuesday after a session of decline sparked by a drop in June retail sales.

The Dow Jones industrial average was off in morning trading, rose more than four points in early afternoon and then finished with a drop of 0.67 to close at 824.20. Declines led advances by 778-626 and volume narrowed to 66.5 million from 74.7 million Monday.

Analysts said the 1.5-percent decline in June retail sales, which was larger than expected, was seen as evidence of continued weakness in the economy.

Monte Gordon of Dreyfus Corp. said investors may also be growing skeptical about recent

speculation that the Federal Reserve is easing monetary policy.

Much of the market's 20-point rally over the prior two sessions was due to such speculation, coupled with declines in some short-term interest rates. But Mr. Gordon said the Fed has taken little action this week to show that it is willing to allow a significant drop in interest rates.

Many analysts said the Fed has made more money available to calm the banking system following the recent collapse of Oklahoma City's Penn Square Bank.

Bankers Trust said it lowered its broker loan rate to 14 1/2 percent from 15 percent. Manufacturers Hanover lowered its rate to 15 percent from 15 1/2 percent.

Some traders are predicting a huge increase in the U.S. money supply for the week ended July 7, reflecting the 10-percent federal income tax cut and a 7.4-percent increase in Social Security payments.

That figure will be disclosed Friday by the Federal Reserve Board. Analysts said the market came under pressure Monday afternoon

IBM Profits Climb 24% On Strong Quarter Sales

Compiled by Our Staff From Dispatches

NEW YORK — International Business Machines, citing strong growth in orders, said Tuesday that its second quarter profit rose 24.4 percent from a year earlier on a 16.8-percent jump in revenue. The earnings increase was substantially higher than many analysts had projected.

But IBM, the leading maker of data-processing equipment, said profit still was hurt by a strengthening of the U.S. dollar and by high inflation rates and sluggish economies in several of the countries in which it operates. About 48 percent of IBM revenue comes from foreign operations.

Expressing surprise at IBM's earnings rise, Harry Edelson of First Boston said, "It now means IBM is at the beginning of a major new production cycle that points to considerably higher earnings in the next few years." Most analysts had expected a surge in IBM earnings to begin in the third quarter of this year.

For the quarter ended June 30, IBM said net income was \$1 billion, or \$1.68 a share, compared with \$804 million, or \$1.37 a share, a year earlier. Second quarter revenue rose to \$8.05 billion from \$6.89 billion.

6-Month Profit

Profit in the first six months of the year was up 15.3 percent to \$1.77 billion, or \$2.98 a share, from \$1.53 billion, or \$2.62 a share, in the comparable 1981 period. Six-month revenue rose 13.2 percent to \$15.12 billion from \$13.36 billion.

IBM President John R. Opel estimated that had currency exchange rates remained constant with those of the prior year, first half earnings would have been \$200 million higher and revenue \$800 million higher. Actual gains in the half on currency transactions were \$99 million compared with gains of \$79 million a year earlier.

Mr. Opel said that the effects of economic problems in countries where IBM does business were offset by a strong growth in orders, particularly for the new 3081 computer processor and the 3380 direct-access storage device.

John McManus, who follows IBM for Shearson/American Express, said, "Earnings were well above what people expected. No one could have anticipated numbers like these."

He said computer sales obviously had exceeded expectations, and added that total income from equipment sales was at least \$400 million more than anticipated.

"Everyone now will raise earnings estimates significantly," said Mr. McManus, who had been forecasting \$6.75 a share for IBM this year.

Mr. Edelson of First Boston said that two weeks ago he urged clients to purchase IBM stock, and, "Now I'm reiterating that recommendation." He said he probably will raise his 1982 and 1983 estimates for IBM, which currently stand at \$6.75 and \$8.10 a share, respectively. The company earned \$5.63 a share in 1981.

"It is conceivable the range in earnings could be between \$7.25 and \$7.50 a share," he added.

On the New York Stock Exchange, IBM shares were up more than a point to 64 1/2 with over a million shares traded.

IBM's income from equipment sales in the second quarter rose 23.5 percent to \$3.61 billion, income from rentals rose 6.3 percent to \$2.4 billion and income from services rose 23.2 percent to \$1.60 billion.

Dollar Recoups Loss As Gold Touches \$350

Compiled by Our Staff From Dispatches

LONDON — The dollar rebounded strongly Tuesday as the foreign-exchange markets did an about-face on their view of where U.S. interest rates are headed. Gold prices rose past \$350 an ounce, then fell back.

Sentiment that the Federal Reserve Board was signaling an easing of U.S. monetary policy was rapidly going out of favor. Dealers said slightly higher federal funds rates, firming three-month Treasury bill rates, plus a rise of 3/4 of a percentage point in Eurodollar rates was enough to send the dollar up sharply to regain some of the ground lost on Monday.

The dollar was also supported by concern about the situation in Lebanon and talk of the possibility of an Iranian invasion of Iraq, dealers said.

The dollar gained more than two yen in Tokyo to close at 255.15 yen, up from 252.95 on Monday.

Markets Closed

Banks and financial markets in France closed at midday Tuesday because of the Bastille Day holiday Wednesday.

In Frankfurt, dealers said U.S.-led buying pushed the dollar to its highs of the day. The dollar closed at 2.4920 Deutsche marks compared with Monday's 2.4625-DM finish and Tuesday's low of 2.4780 DM.

Several dealers in London also mentioned U.S. demand, especially from corporations, as being largely behind the dollar's rise. No intervention by European central banks was detected. The dollar rose to 2.4950 DM, while sterling fell to \$1.7240 from \$1.7373 at Monday's close.

London dealers noted that the federal funds rate, the fee on overnight lending of reserves among U.S. banks, opened in New York at 13 1/2 percent, higher than generally expected.

The dollar continued to meet strong buying demand in New York and was sharply higher in hectic midsession trading dealers said. It was quoted at 2.5005 DM shortly after midday, compared with an opening 2.4783 and previous closing 2.4783.

Gold bullion broke through the barrier of \$350 an ounce in Zurich briefly but later fell back to close at \$347.875 an ounce, up from \$342.25 on Monday.

Europe's corporate aircraft management and charter company operating a fleet of:

- 5 Citation II - 1 Falcon 20 - 1 Falcon 50
- 4 Gulfstream II/III - 1 Boeing 737
- 5 Boeing 727 - 2 Boeing 707 - all Executive

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July 14, 1982

All of these bonds having been placed, this announcement appears for purposes of record only.

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Washington, D.C.

DM 150,000,000

9 3/4 % Deutsche Mark Bonds of 1982, due 1989

Offering Price: 100%
Interest: 9 3/4 % p.a., payable on July 15 of each year
Repayment: on July 15, 1989 at par
Listing: Frankfurt am Main, Berlin, Düsseldorf, Hamburg and München

Deutsche Bank
Aktiengesellschaft

Westdeutsche Landesbank
Girozentrale

Dresdner Bank
Aktiengesellschaft

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Bayerische Vereinsbank
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Bankhaus H. Aufhäuser
Aktiengesellschaft

Bank für Gemeinwirtschaft
Aktiengesellschaft

Bayerische Landesbank
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Aktiengesellschaft

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WEEKLY NOTIFICATION COMPENDIUM A MANAGED COMMODITY ACCOUNT.

EQUITY ON:
JANUARY 1, 1982
\$100,000.00
JULY 8, 1982
\$110,089.45

after all charges
EQUITY ON:
JANUARY 1, 1981
\$100,000.00
DECEMBER 31, 1981
\$237,214.03
1981 Performance +137%
OVER \$4,000,000.00
UNDER MANAGEMENT.

For information call or write Royal Freizer or Ian Somerville, TAPMAN: Trend Analysis and Portfolio Management, Inc., Wall Street Plaza, New York, New York 10005, (212) 259-1041, TELEX 981667173 LW.

TAPMAN is a wholly owned subsidiary of Ballou, MacLaine International LTD.

TAPMAN

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

(Continued on Page 10)

Toyota Sees Rise In Japan Output

TOKYO — The president of Toyota Motor, Shochiro Toyoda, said Tuesday that Japanese car production will expend in the next decade to meet an anticipated 30-percent rise in international demand.

He was also critical of legislation introduced in the U.S. Congress requiring a percentage of the parts of all cars sold in the United States to be made in America.

Mr. Toyoda predicted that Japan's total domestic car production, which stood at about 5 million units last year, would grow by about 30 percent over the next decade, and that overseas demand would rise by the same proportion.

He said Toyota hopes for domestic sales of 2 million vehicles by 1985, up from 1.5 million last year.

Sharp Growth Seen

Toyota is also forecasting sharp growth in the Middle East, Africa and Latin America, he said. The automaker sold 1.7 million vehicles abroad last year.

Mr. Toyoda said that laws before the U.S. Congress to require part of all cars sold in the United States to be American-made "could have the reverse effect of not only restricting competition, running contrary to the best interests of American customers, but in the long term would be disadvantageous to the U.S. economy."

The bill, which has strong union backing in the United States, is considered unlikely to receive Senate approval. If it does, a presidential veto appears certain.

Toyota, meanwhile, said it had agreed to buy value letters worth about 500 million yen (\$1.18 billion) usually from General Motors on a long-term basis beginning in October. Toyoda said the parts will be fitted on truck engines for domestic and export sales.

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The bill, which has strong union backing in the United States, is considered unlikely to receive Senate approval. If it does, a presidential veto seems a possibility.

Toyota, meanwhile, said it had agreed to buy valve lifters worth about 300 million yen (\$1.18 million) annually from General Motors on a long-term basis beginning in October. Toyota said the parts will be fitted on truck engines for domestic and export sales.

هكذا من الأفضل

U.S. COMMODITY PRICES

[illegible]

Mar	N.T.	N.T.	1,282	1,273	+9
May	N.T.	N.T.	1,288	1,240	+48
July	N.T.	N.T.	1,275	1,265	+10

	Lt.	M.T.	C.M.T.	
COFFEES	N.T.	N.T.		-7.90
Robusta	1,262	1,240	1,258	1,240
Arabica	1,262	1,240	1,258	1,240
John	1,262	1,240	1,258	1,240
Mac	1,262	1,240	1,258	1,240
May	1,262	1,240	1,258	1,240
July	1,262	1,240	1,258	1,240

130 lots. Open Interest: NIS

U.S. Money Rates July 13

	Close	Settle
Prime rate	10%	10%
Federal Funds	12%	12%
Discount Rate	12%	12%
Bid-asker	12%	12%
Commercial Paper, 30-90 days	12%	12%
6-month Treasury Bills	12%	12%
CD's 3-6 months	12%	12%
CD's 6-90 days	12%	12%

State joins U.S. Firm In 2 Ventures in Asia

Reuters
LONDON — Sime Darby of Malaysia and International Plant Research Institute of the United States have agreed to form two joint-venture companies mainly involved in genetic engineering and biotechnology, they said.

Class	Prev.	Class	Prev.
0.50%	N.A.	Singapore	

1.05	1.04		
3.76	3.80	Boustead	1.82
2.29	2.29	Cold Storage	2.64
4.51	4.48	DBS	7.64
2.77	2.75	FraserNeave	5.96
2.90	2.90	How Far Bros	2.58
0.15	0.16	Inchcape	2.96
1.61	1.60	Keppel Ship	3.80
2.10	2.11	Malay Banking	6.10
2.00	2.07		

1.50	1.50	OUT	5.00	5.00
1.26	1.21	Semr Shipyd	2.70	2.68
0.98	0.98	St Steamship	1.64	1.64
		St Steamship	1.64	1.64

[illegible]

5.17	5.17	Asahi Glass	5.17	5.17
7.14	7.14	Bk Tokyo	7.14	7.14
1.13	1.13	Bridgestone	1.13	1.13

[illegible]

NA	805
130	946
87	88

[illegible]

...and the

100

Tuesday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

12 Month	High	Low	Stock	Div.	Yld.	P/E	12 Month	High	Low	Stock	Div.	Yld.	P/E
100	100.00	100.00	100				100	100.00	100.00	100			
101	101.00	101.00	101				101	101.00	101.00	101			
102	102.00	102.00	102				102	102.00	102.00	102			
103	103.00	103.00	103				103	103.00	103.00	103			
104	104.00	104.00	104				104	104.00	104.00	104			
105	105.00	105.00	105				105	105.00	105.00	105			
106	106.00	106.00	106				106	106.00	106.00	106			
107	107.00	107.00	107				107	107.00	107.00	107			
108	108.00	108.00	108				108	108.00	108.00	108			
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198	198.00	198.00	198				198	198.00	198.00	198			
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Oil and Money in the Eighties

AN INTERNATIONAL HERALD TRIBUNE/OIL DAILY CONFERENCE
INTERCONTINENTAL HOTEL, LONDON, SEPTEMBER 20 & 21, 1982.

Sheikh Ali Khalifa al-Sabah, Minister of Oil and former Finance Minister of Kuwait, will be the keynote speaker at the third annual International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties."

Senator James McClure, Chairman of the U.S. Senate Energy Committee and one of the main formulators of U.S. energy policy, will open the second day of the conference, and U.S. Secretary of the Treasury Donald T. Regan will answer questions via live telephone hook-up following a special video address to the conference from Washington, D.C.

Senior executives in energy, finance and related fields wishing to register for this conference may return the registration form below.

ENERGY IN AN UNCERTAIN ECONOMY

SEPTEMBER 20

KEYNOTE ADDRESS

Sheikh Ali Khalifa al-Sabah, Minister of Oil, Kuwait.

THE SUPPLY AND DEMAND OUTLOOK

Theodore R. Eck, Chief Economist, Standard Oil Company (Indiana).
Helen Hughes, Director of Economic Analysis and Projections, The World Bank.
Ian Seymour, Executive Editor, Middle East Economic Survey.
Moderator: Herman T. Franssen, Chief Economist, International Energy Agency.

WHERE OIL AND GAS WILL BE FOUND IN THE EIGHTIES

Hans R. Grunau, Senior Exploration Consultant, Petroconsultants.

NEW POWER RELATIONS IN THE GULF

James E. Atkins, former U.S. Ambassador to Saudi Arabia.

THE IMPACT OF DOWNSTREAM ARAB INVESTMENT

Donald C. O'Hara, former President, National Petroleum Refiners' Association.
Abdullah H. Toher, Governor, Petromin.

SPECIAL ADDRESS

Donald T. Regan, U.S. Secretary of the Treasury, speaking from Washington D.C.

SEPTEMBER 21

U.S. ENERGY POLICY

Senator James McClure, Chairman of the U.S. Senate Energy Committee.

PROBLEMS OF ENERGY FINANCING

THE INVESTMENT OUTLOOK FOR NORTH SEA ENERGY
Hamish Gray MP, U.K. Minister of State for Energy

MOBILIZING INTERNATIONAL FUNDS FOR ENERGY PROJECTS
Ian Logie, President and Chief Executive, Int. Energy Bank.

INVESTMENT DECISIONS IN AN ERA OF DECLINING OIL PRICES
Harold Hammer, Executive Vice President, Gulf Oil Corp.

THE EVOLUTION AND IMPACT OF INTERNATIONAL OIL TAXATION
Robert B. Weaver, Vice President, Global Petroleum Division, Chase Manhattan Bank.

THE LONG TERM GAS OUTLOOK

John Lichtblau, Executive Director, Petroleum Industry Research Foundation.
John F. Meeder, Manager of Corporate Planning, N.V. Nederlandse Gasunie.

HOW TO MAKE MONEY IN A SOFT ENERGY MARKET

THE OIL FUTURES MARKET
John Treast, President, New York Mercantile Exchange.

SPOT TRADING
Erwin Spuller, Managing Director, Fretail, Paris.

CONFERENCE REGISTRATION

Please enroll the following participant for the IHT/Oil Daily Conference, September 20 and 21, 1982.

14-7-82

Surname _____

First Name _____

Position _____

Company _____

Address _____

City/Country _____

Telephone _____ Telex _____

Fees are payable in advance of the conference. Each participant: £435 or the equivalent. This includes all refreshments, lunches, and post-conference documentation. Fees will be returned in full for any cancellation that is postmarked on or before September 3, 1982.

☐ Please invoice ☐ Check enclosed

RETURN TO:

The International Herald Tribune Energy Conference,
181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.
Telephone: 747 12 65. Telex: 612832.

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Please reserve for the nights of September 19 and 20 the accommodations checked below:

☐ single occupancy (£62 per night excluding V.A.T.)
☐ double occupancy (£70 per night excluding V.A.T.)

Reservations must be received no later than September 6, and accompanied by a check for the first night.

Or please charge my American Express Card account: _____

Card expiry date: _____ Signature: _____

Surname _____

First Name _____

Company _____

Address _____

City/Country _____

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Intercontinental Hotel, Reservation Department
1 Hamilton Place, London W1V 0QY, England.
Telephone: (01) 409 3131. Telex: 25853. Reference: Energy Conference.

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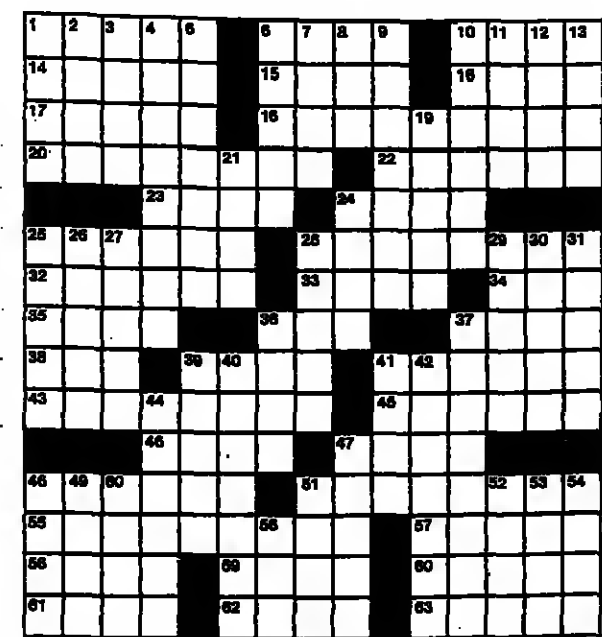
(Continued From Back Page)

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 - Isle of the Madagascan
 - Defarge
 - Split
 - "La Plume de Ma"
 - Basilia section
 - Pilat base
 - Louis XV's du Barry, e.g.
 - Carless mistake
 - Rosemary
 - Clooney hit
 - Wealth
 - Common Latin abbr.
 - Submerge
 - Lendi's game
 - Tending to instill
 - Grab
 - Agut and Ragers
 - Painter Ernst
 - Conjunctives
 - Muley occasion
 - de la Paix
 - Bridge
 - Huge number
 - Choice cuts of beef
 - Classify
 - Skilled
 - Soaks
- DOWN**
- E.R. or r.b.l.
 - Domestic
 - At another time
 - Pursuers of knowledge
 - Nonconformist
 - Hillock
 - Shade of blue
 - gotten
 - Inspire horror
 - Pains in the neck
 - Director
 - King's "Twelve"
 - "Clock"
 - Choice cuts of beef
 - Classify
 - Skilled
 - Soaks
- PEANUTS**
- Popocatepetl's covering
 - Nicholas and Alexander
 - Boredom
 - Consumers' advocate
 - Presses
 - Adult insect
 - Bravery
 - Lift up
 - Prop for Chaplin
 - One letting the chat out of the bag
 - Calm
 - thoughtful
 - Sack
 - Mother of the Titans
 - Czech coal center
 - Hidden
 - June-moon, e.g.
 - Marshall
 - de-camp
 - Jeanne and Anne: Abbr.
 - Nag
 - Indian garment
 - River in N. Ireland
 - Hot times in Tours
 - Given
 - Betty Ford by the U. of M.

WEATHER

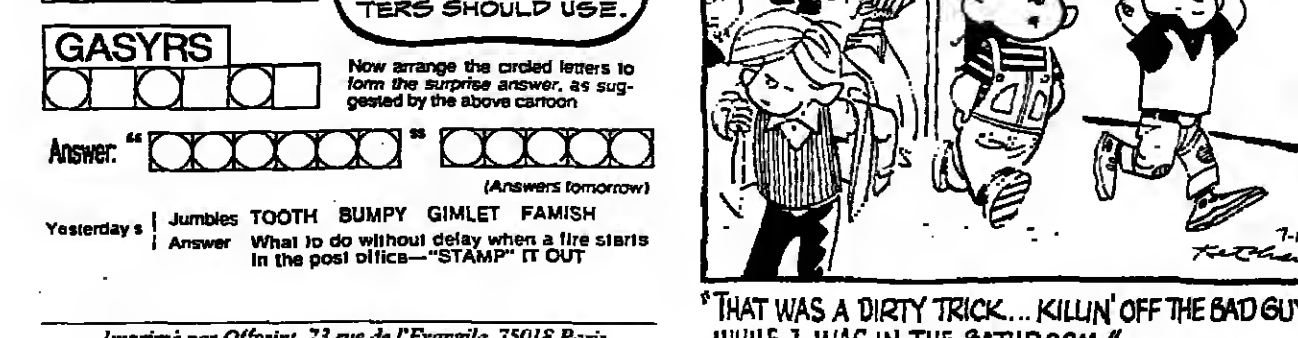
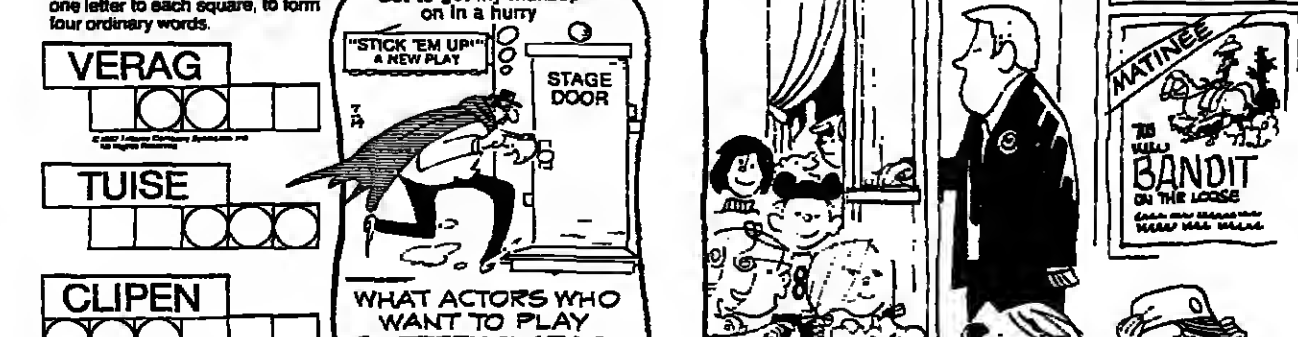
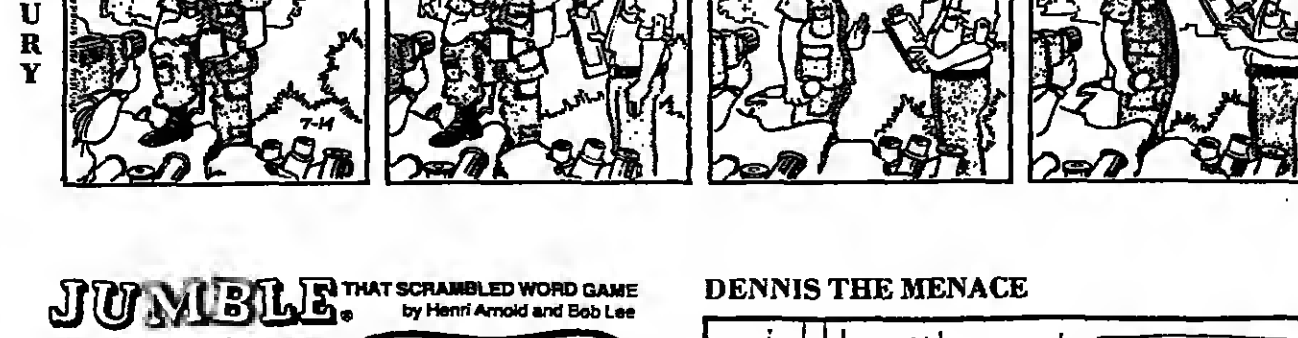
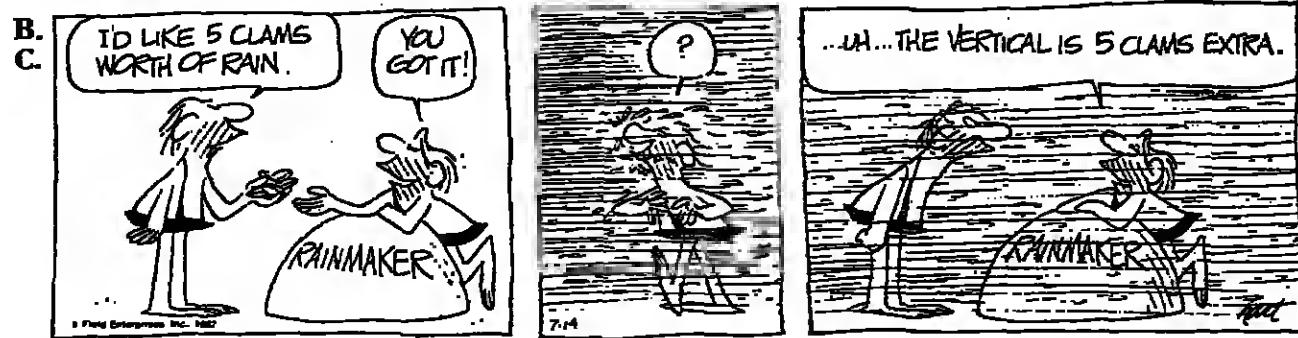
	HIGH	LOW		HIGH	LOW		
	C	F	C	C	F		
ALBANY	26	16	Fair	LAX ANGELES	26	16	Fair
ALBUQUERQUE	27	17	Fair	MANHATTAN	26	16	Fair
AMSTERDAM	26	16	Fair	MANILA	32	20	7 Showers
ANKARA	30	16	Fair	MEXICO CITY	29	17	Cloudy
ATHENS	28	18	Fair	MILWAUKEE	32	20	7 Cloudy
AUCKLAND	26	16	Fair	MONTREAL	26	16	Cloudy
BANGKOK	34	23	7 Showers	MOSCOW	28	17	Fair
BEIRUT	27	17	Fair	MUNICH	31	14	Fair
BERGAMO	27	17	6 Showers	NAGASAKI	32	20	Fair
BERLIN	27	18	Fair	NASSAU	31	18	7 Cloudy
BOSTON	31	19	Fair	NEW DELHI	35	27	81 Cloudy
BRUSSELS	28	18	Fair	NEW YORK	32	20	Fair
BUCHAREST	27	16	Overcast	NICE	28	17	Cloudy
BUDAPEST	24	15	Overcast	OSLO	32	18	Fair
CAEN	30	16	Cloudy	PARIS	32	19	7 Fair
CIENFUEGOS	31	17	Cloudy	PRAGUE	26	17	Cloudy
CIAO TOWN	15	5	Fair	REKING	29	13	59 Cloudy
CASABLANCA	22	16	Cloudy	RIYADH	33	18	Overcast
CHANGAI	26	16	Cloudy	ROME	29	16	Cloudy
COPENHAGEN	26	15	Fair	SAN FRANCISCO	29	16	Cloudy
COSTA DEL SOL	33	19	7 Fair	SARAJEVO	29	16	Fair
DACCA	31	18	Fair	SEATTLE	32	20	Fair
DUBLIN	18	14	57 Cloudy	SINGAPORE	31	21	7 Showers
EDINBURGH	15	11	52 Cloudy	STOCKHOLM	32	15	Fair
FLORENCE	34	20	7 Overcast	SYDNEY	29	17	Overcast
FRANKFURT	33	19	Cloudy	TAIPEI	33	21	7 Fair
GENEVA	31	16	Fair	TELAVIV	36	21	7 Fair
HARARE	27	14	7 Fair	TOKYO	28	17	7 Overcast
HONG KONG	26	16	Fair	TUNIS	32	20	Fair
HONGKONG	34	23	7 Fair	VENICE	29	16	Cloudy
HOUSTON	34	23	7 Cloudy	VIENNA	29	16	61 Cloudy
JAKARTA	27	18	Fair	WARSAW	27	15	59 Cloudy
JERUSALEM	34	19	Fair	WASHINGTON	28	14	Fair
JAS PALAMAS	24	14	Cloudy	ZURICH	29	14	59 Fair
LIMA	21	16	57 Cloudy				
LISBON	26	15	Overcast				
LONDON	26	18	Fair				

Readings from the previous 24 hours.

ADVERTISEMENT INTERNATIONAL FUNDS

July 13, 1982

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BANK JULIUS BAER & Co Ltd	SE 72.60	UNION BANK OF SWITZERLAND	SE 72.60
(1) Swiss Franc	SE 72.60	(1) Swiss Franc	SE 72.60
(2) German Mark	SE 72.60	(2) German Mark	SE 72.60
(3) French Franc	SE 72.60	(3) French Franc	SE 72.60
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(11) Egyptian Pound	SE 72.60	(11) Egyptian Pound	SE 72.60
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(20) US Dollar	SE 72.60	(20) US Dollar	SE 72.60
(21) British Pound	SE 72.60	(21) British Pound	SE 72.60
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(68) Dutch Guilder	SE 72.60	(68) Dutch Guilder	SE 72.60
(69) Belgian Franc	SE 72.60	(69) Belgian Franc	SE 72.60
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BOOKS

E.T. THE EXTRA-TERRESTRIAL

By William Kotzwinkle. Based on a screenplay by Melissa Mathison.
246 pp. \$12.95.
Putnam's, 200 Madison Ave., New York, N.Y. 10016

Reviewed by
Christopher Lehmann-Haupt

IT MAY be unique that a writer as reputable as William Kotzwinkle has written a novel based on the screenplay of a film that is currently showing. But whether it is unique or not, one turns to the book version of "E.T." with a pleasant glow of anticipation.

That is partly because one looks forward to reading another book by the author of such novels as "Doctor Rat," "Elephant Bangs Train," "Jack in the Box" and "Swimmer in the Sea." It is partly because, having seen the Steven Spielberg film, one wants to experience again, though in different form, the thoroughly charming story of the bumpy little space creature who is stranded on earth and who is befriended by a 10-year-old boy named Elliott.

But it's also partly because one wants to clear up some of the fuzziness of the movie. Not that the film absolutely demands clarification. On the whole it works marvelously, despite its confusing passages, just as Stanley Kubrick's "2001: A Space Odyssey" cast a cinematic spell despite its occasionally incomprehensible logic. Nonetheless, Arthur C. Clarke's book version of "2001" (from which the screenplay was adapted, as I recall) proved satisfying to the literate-minded among us by building bridges of logic between some of the film's mysterious visual images.

In the same way, one turns to Kotzwinkle's novelization of "E.T." in the hope of understanding, say, the actual mechanics of the transmitting contraption that the space creature devised to "phone home," or the nature of the powers that enable him to levitate objects or cause dying flowers to burst into bloom, or what really causes him to turn ashen gray as earth's alien environment works its malign effect on him.

And just as one suspected, the experience of reading "E.T." is extremely satisfying in its way. Not only does it answer many questions like the foregoing ones—for instance, E.T. turns ashen because the pressure that earthlings are putting on his spirit is causing his gravity to collapse in upon itself and turn him into a "white dwarf"—but it also solves certain problems of the film one was only subliminally aware of while watching it.

For example, I realize in retrospect that I was a little troubled by the apparent remoteness and indifference of the children's mother during the early scenes of the film. This remoteness is consistent with the fact that the whole story depends on our being in a children's world. Yet it still bothered me that the mother seemed so neglectful. In the book, this problem is cleared up by our seeing part of the story from the mother's point of view without her knowing what is really going on inside the children's heads. Writing can do this where film cannot, because film can't easily distinguish between thought and action, whereas writing can.

Similarly, the scientists who are tracking down E.T. do not seem so unnecessarily threatening in the book as they do in the film. Once again, Kotzwinkle can get inside the characters' heads without giving their actions away to the children, where the film could not. Another significant difference is that in the book the leader of the scientific team is affection-

ately known as "Keys" because the large bunch dangling from his belt gives him access to so many "compartments" of the project. In the film the same visual image of a bunch of keys hanging from an anonymous belt, which suggests unnecessarily that the owner of the keys is some sort of slave master or prison warden.

In these and similar ways, Kotzwinkle seems to improve upon and enrich Mathison's screenplay and Spielberg's film. Most dramatically, of all, he succeeds in making E.T.'s sickness a threat not only to Elliott, his devoted friend, but also to the entire planet Earth. And the only major drawback of putting the story into print is that Kotzwinkle seems to have the damnedest time figuring out how to refer to E.T. He calls him every awkward thing from "the old monster" to "the elderly voyager" to "the old genius" to "the ancient pilgrim from the stars."

Does this mean that "E.T." the book is really better than "E.T." the movie? For a while I thought so. But then I stopped and realized that it meant that I was seeing the book against the background of the film: the best things about the story—from the flights of bicycles to the irresistible figure of the space creature himself—belong to the visual experience of the film. Even the story's underlying myths—our childhood wish for superior intelligence to exist in the universe, the possibility of death and resurrection—seem more effectively worked out in the film.

So let's concede that the book is very satisfying in its way. But most of all because it is an eloquent footnote to the film. Maybe it will seem the other way around to someone who reads the book before seeing the film. But I happen to have seen the movie first.

Christopher Lehmann-Haupt is on the staff of The New York Times.

Best Sellers

The New York Times

This list is based on reports from more than 1,400 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION		Weeks on list
1	THE PARSIFAL MOSAIC, by Robert Latham	2
2	THE MAN FROM ST. PETERSBURG, by Ken Follet	3
3	THE PRODIGAL DAUGHTER, by John Updike	4
4	EDEN BURNING, by John Updike	5
5	NORTH AND SOUTH, by John Galsworthy	6
6	THE ONE TRUE THING, by Donaldson	7
7	FOR SPECIAL SERVICES, by Andrew Grosse	8
8	CINNAMON SMOKE, by John D. MacDonald	9
9	THEY BROUGHT THE WIFE, by John Updike	10
10	CELEBRITY, by Thompson	11
11	DINNER AT THE HOMESICK RESTAURANT, by John Updike	12
12	FRIDAY, by Robert A. Heinlein	13
13	TWICE SHY, by Dick Francis	14
14	NO COMEBACKS, by Frederick Forsyth	15
15	PUBLIC SMILES, PRIVATE TEARS, by Helen Van Slyke with James Edwards	16
NONFICTION		Weeks on list
1	JANE FONDA'S WORKOUT BOOK, by Jane Fonda	25
2	A NEW KIND OF WAR, by Robert R. Rothenberg, by Andrew A. Rooney	31
3	AMERICA IN SEARCH OF ITSELF: The making of the Presidency, 1968-80, by Theodore L. White	3
4	LIVING, LOVING AND LEARNING, by L. Ron Hubbard	2
5	THE UNCLE STRIKES BACK, by Ron Luciano	11
6	THE FATE OF THE EARTH, by Jonathan Schell	7
7	WHEN BAD THINGS HAPPEN TO GOOD PEOPLE, by Harold S. Knicker	8
8	NO BAD DOGS IN THE WOODHOUSE Way, by Barbara Woodhouse	4
9	RICHARD SIMMONS' NEVER-SAY-DIE COOKBOOK, by Richard Simmons	5
10	A LIGHT IN THE ATTIC, by Rod Silverstein	9
11	STRATEGIC INVESTING, by Douglas Casey	10
12	INFAMY: Pearl Harbor and Its Aftermath, by John Toland	14
13	AT DAWN, by Gordon W. Prange	19
14	YEARS OF UPEAVAL, by Lyle Lovell	15
15	THE INNINGS, by Angell	12

BRIDGE

By Alan Truscott

A player with a doubleton normally plays high-low without thought, encouraging a continuation, when his partner leads a king against a suit contract. But some thought is certainly called for: A shift to some other suit is often indicated, and the player with a doubleton can help steer his partner in the right direction.

This was the case in the diagrammed deal. South arrived in four spades via a sequence that needs some interpretation. The bid of two clubs by North, as a passed hand, was asking South whether he had a full opening bid. The rebid of two no-trump showed a hand with 14 or 15 high-card points, but only a four-card spade suit. This did not discourage North, who jumped to four spades.

On the lead of the diamond king,

NORTH		SOUTH	
♠ A95	♣ J72	♠ 1084	♣ AK
♥ J8	♦ J72	♥ 1084	♦ AK
♥ J8	♦ J72	♥ 1084	♦ AK
♥ J8	♦ J72	♥ 1084	♦ AK
♥ J8	♦ J72	♥ 1084	♦ AK
♥ J8	♦ J72	♥ 1084	♦ AK
♥ J8	♦ J72	♥ 1084	♦ AK
♥ J8	♦ J72	♥ 1084	♦ AK
♥ J8	♦ J72	♥ 1084	♦ AK
♥ J8	♦ J72	♥ 1084	♦ AK

Both sides were vulnerable. The bidding:

West	North	East	South
Pass	Pass	Pass	1♠
Pass	2♣	Pass	2NT
Pass	4♠	Pass	Pass

West led the diamond king.

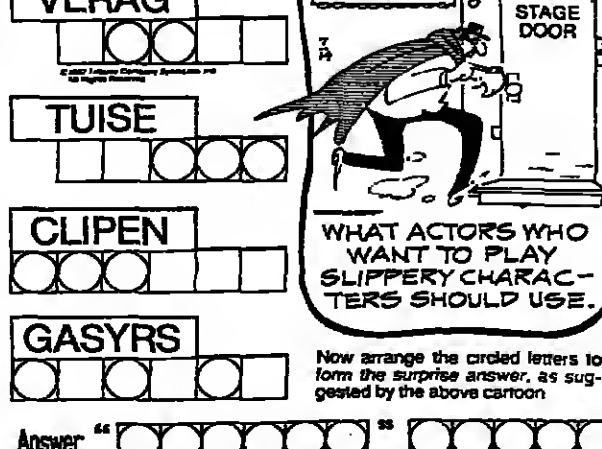
On the lead of the last diamond, South threw a heart from dummy and East was helpless. If he had played with a club, South would have played that suit to establish the jack in dummy. So East threw a heart, South led a heart to the nine in dummy and East won. It did not matter what he played. South was now sure to make his 10th trick in hearts by leading that suit at every opportunity. Making the match points for South's team, one more than the margin by which it won the match.

If East had realized at the first trick that a diamond continuation was not really what he wanted, he would have played the deuce instead of the nine. West could then have shifted to hearts or clubs and defeated the contract.

JUMBLE

THAT SCRAMBLED WORD GAME

by Henri Arnold and Bob Lee



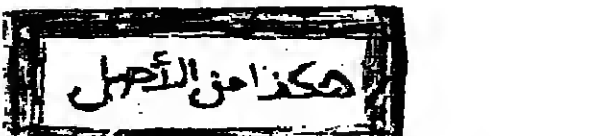
Yesterday's Jumble TOOTH BUMPY GIMLET FASHION

Answer: What to do without delay when a fire starts in the post office—"STAMP" IT OUT

DENNIS THE MENACE



Imprimé par Offprint, 73 rue de l'Évangile, 75018 Paris



SPORTS

National All-Stars
Seek 11th Straight

By Thomas Boswell

Washington Post Service

MONTREAL — If it hadn't been for the last 20 years, Tuesday night's All-Star baseball game here shaped up as an event of a high order.

On display in the 53d classic — the first ever played outside the United States — were to be two undeniably excellent teams, both unusually well motivated.

For starters and starting pitchers, the National League's scholarly Steve Rogers (a 2.13 earned-run average) of host Montreal was to face the American League's punk-rock punch-out artist, Dennis Eckersley of Boston.

Next, Tommy Lasorda and Billy Martin, two managers who haven't loved each other for years, were making no bones about playing this one for keeps.

"You got two Italian managers," said American League Manager Martin of Oakland, perhaps posing a more difficult puzzle than the other's low class. Figure out which is which? Asked if he planned to hug his players, as Los Angeles Manager Lasorda does his, Martin said, "I'll probably slap mine."

It would have been hard to collect two better lineups.

The American League's leadoff man was to be Rickey Henderson of Oakland, who at 23 bids fair to go down as both the best base stealer ever and perhaps the most exciting defensive left fielder. Behind him were three consecutive

most valuable players — Fred Lynn, George Brett and Reggie Jackson — followed by a pair of Milwaukee's best wallbangers, Cecil Cooper and Robin Yount. The team also had stylish pros Bobby Grich and Carlton Fisk. A classy starting act.

And the bench wasn't bad. In all, the American League has 14 players with 10 or more home runs and eight who are on a 30-home-run pace. The entire team's slugging average is .503; only five of 20 National League everyday players have slugging marks that high.

But as for the Nationals, what ever needs to be said about that bunch when it's All-Star time? The American League has great baseball players, but the National has great athletes. Everywhere you look are exactly the sort of fast, strong, multitalented types that are synonymous with the phrase National League ball.

Leadoff man Tim Lincecum, quietly headed for 80 steals, is called "Rock" simply because he's that tough. Next, Pete Rose, the original hard guy. Following them were two quintessential National League jacks, Andre (Hawk) Dawson and Mike Schmidt, who may combine speed, power and natural grace better than any other two players in the game.

Next came Gary Carter, baseball's best defensive and best offensive catcher, and Atlanta's Dale Murphy (23 homers, 62 runs batted in), who at 26 looks like a 400-homer man in the making. Tack on the slick Venezuelan double play combination of Dave Concepcion and Manny Trillo and you had dynamite.

For extra spice, this game was being played in a civilized city that is a delightful shock to unprepared Americans (there are 200-square-foot stained glass windows in Montreal's immaculate subway stations). For Monday's free workouts, Olympic Stadium was almost half full, every player was given a huge ovation.

Deader

Yet having said all that, it must be added that the All-Star Game has one huge problem. Of all the so-called major events in sports, its result may come closest to being a foregone conclusion. And nothing is more anathema to sport than a sense of an outcome already known.

Since July 30, 1962, the American League has won one All-Star Game of 19 — and that was 11 years ago. The Americans' 10 consecutive losses since 1971 have dented the game's appeal. The pattern seems set in stone.

When the game is set in National League cities, it is no contest, with scores like 7-3, 7-2, 7-1, 7-1 sounding like a broken record. In American League parks, the perennial losers tend to give themselves pep talks and lose more competitively — 6-3, 7-5, 7-6, 5-4.

Even when the American League has led entering the eighth inning — as it did in 1979 and '81 — a sort of paralysis sets in and



Pete Rose, 15 times an All-Star: 'Losing stinks.'

the National League wins with something that bleeds arrogance, inevitability, and sometimes a bit of luck.

Of course, many more or less sensible explanations have been developed for this state of affairs, all containing a grain of truth and all losing their novelty as the years wear on.

At first, the National League won because it broke the color line faster and better, nearly cornering the market on the Mays-Aaron-Clemente-Frank Robinson generation.

Then it was speculated that the National League was deeper in quality players and always got the edge in the late innings as large-scale substitutions left the American League worse off.

Finally, the National League, like many longtime winners, has begun to take to itself certain airs about superior "character."

No Thanks

"We always have a lot of chatter and enthusiasm, old-college-bry stuff," said 15-time All-Star Rose. "I don't know if that's how it is in their dugout or not — never been in there, ever particularly want to be. I'm a National League."

Al Oliver, currently the National League's leading hitter, has been in both All-Star dugouts — three times as a National, the past two years with the American as a Texas Ranger and now again with the National League.

"Even in Texas, I thought of myself as a National League who just happened to be playing in the American League," said Oliver, with his league's typically confident tone.

In an All-Star Game, the American League has more laid-back, mellow players. The National League is always kind of psyched, a little like a football team. Lots of adrenaline.

"Don't get me wrong, there are plenty of aggressive players in the American League — teams like Oakland, Kansas City and the Brewers will really come after you. But the league as a whole wasn't as aggressive."

"I'll say one thing. I thought it was tougher to hit in the American

League. You never know what's coming on any count," Oliver said. "That may be why the American League holds its own in the World Series. Over a seven-game series, their [off-speed] pitching can put good fastball hitters in a slump."

"If nothing else, the American League has got the right manager now — Martin. He'll fire 'em up."

He was trying to, at any rate. Even Lasorda said, "Billy knows we're overstocked with right-handed hitters, so he's loaded up with [six of eight] right-handed pitchers. Hey, he's sharp. Billy Martin didn't go to school to eat his lunch."

Martin was offered the managing spot after Bob Lemon of the Yankees was fired. "I know how he feels," said Martin. "I've only managed the All-Star team once. . . . Got fired too many times."

Martin would have the world believe that the American League has just been asleep for the past 19 summers, yawning its way through all those embarrassments. "We've started taking it seriously the last couple of years," said Martin, adding that it was the press alone around an essentially meaningless game.

"For years, the American League never thought about the All-Star Game [New York Yankee Manager] Casey Stengel used to ask us, 'Who wants to go? Mantle? Berra? How about you, Maris? Nobody wanted to go. We'd all say, 'You gotta go this year 'cause McDougald had to go last year.'"

Forgetful

What Martin forgets is that the American League was as sure of its superiority then as the National is now. That mood, so hard to reverse, was on display again Monday.

American League catcher Fisk got up at a press conference and talked about how winning an All-Star Game wasn't the most important thing — rather, it was the honor of being selected.

Rose got up and said two words that nicely summarized the National League point of view.

The printable version: "Losing stinks."

A Cup Victory Deserved and Dangerous

International Herald Tribune

LONDON — In the grand manner, the gates of the Italian Embassy in Madrid were opened so that president Sandro Pertini might share his food and drink with hordes of his countrymen celebrating their nation's recapture of the World Cup after 44 years. The vino flowed alongside the ecstasy coursing through Italian blood.

Just as well. For down in the city center, bars and restaurants were rapidly closing their doors

ROB HUGHES

against the advancing revelry. "I'm happy for them," explained one restaurateur, "but if I let them in I'll ever get them out. Besides, I'm afraid they would cause me some damages." The man scores a bull's-eye.

Italy deserved the 1982 World Cup — who can say otherwise after it took out Argentina, the holder, and then both favorites, Brazil and West Germany?

But in acknowledging Italian expertise, in applauding the good the ultimate victory overcame evil, there is a fearful danger about what an Italian victory means for the game's future. The danger is in the calculated, cynical violence with which the *Azzurri* set out to soften up the opposition before allowing their own talent to flow.

Except for one glorious occasion — the fine victory over Brazil — Italy's first instincts were to stifle the other team by foul means as well as fair before going for victory.

And despite lamentable lenient refereeing, which sometimes overlooked fouls bordering on criminal assault, Italy not only beat the 24 finalists to the cup but also had the worst disciplinary record: 11 yellow cards in seven games.

The picture on this page shows two Italians clearly intent on stopping Osvaldo Ardiles of Argentina by any means. It is unusual only in that Gabriele Oriali, who had Ardiiles by the shirt, and Francesco Graziani are not, usually, the Italian hater's men.

But let us be fair. The world will have to be careful to balance its judgment of a side that is an undisputed champion. There are players on the Italian team who are superbly creative by any standards, who indeed because they survive in the sterile atmosphere of Italian soccer seem almost to have been liberated at the 1982 championship.

Enzo Bearzot, throughout his seven years as a national coach, has suffered intolerable abuse because of his attempts to persuade the national team to depart from its underlying cynicism.

He persevered with Giancarlo Antognoni of Fiorentina when most other Italian managers would have discarded his beautiful but delicate creativity. He restored Paolo Rossi to the national team almost immediately after a two-year ban for alleged implication in a bribery scandal — and was rewarded with Rossi's six goals.

So there is courage in Bearzot. But there have been times, and there still are, when the man talks a more creative game than his players perform. Over the years we have seen him walk onto the field and congratulate first Romeo Benetti, neither a great nor a goal-scorer. Benetti was one of the most vicious kickers the game has known, a man one would as soon like to share a bed with a scorpion.

Reappraisal of Cooney: His Dues Were Prepaid

By Jim Murray

Los Angeles Times Service

LOS ANGELES — There was a time in this country when we got our presidents out of office by military barracks and not Cape Cod resorts or Hyde Park estates. They were tough men, and their ideals were tempered by reality and not abstract philosophy.

Our athletes came out of the same crucible. For only a short while did even college football belong to some sons of wealth from Long Island, who went to Yale or Harvard and they could take over the bond market or the State Department.

You get football players today the same way, and from the same places, you get cane-cutters or cotton-pickers or hard-core miners. Even the greatest golfers came out of the caddy shacks. You couldn't win at sports if you even knew how to cry. If you could even spell "mercy," you were in the wrong business.

But even under those harsh requirements, prize fighting was in a category all its own. These were the toughest guys on the planet. They usually came from a long line of people who toiled in the sun or over the unyielding earth, whose sinews grew hard by the generation, whose threshold of pain was high and who neither expected from nor got much out of life. They rode rocks, slept on rocks, bled for a living. Life was one long rabbit punch.

Sneers

That's why a lot of people thought Gerry Cooney was not a contender but an imposter when he fought Larry Holmes for the WBC heavyweight championship last month. He hadn't come off a Kansas wheat farm or a Colorado freight train. He hadn't been run out of Galesburg by the sheriff. He'd probably slept in sheets most of his life.

You would think to listen to them, that they had pulled Cooney off a polo pony to suit up for the fight, that he had to get his government's permission. "Why don't you stay home, kid, and play croquet

And in Spain this time we saw Bearzot walk past Antognoni, walk past Dino Zoff, his 40-year-old captain and goalkeeper, to congratulate primarily Claudio Gentile, the smiling butcher of Turin who had just slaughtered Diego Maradona with appalling assaults.

We know there are players, like Maradona, who seek advantage through feigning injury (the Italians and the Germans, too, could win Hollywood Oscars for their acting). But the way Gentile raises his boots against opponents' limbs and the way he almost tore the shirt off the back of the Brazilian Zico, were authentic thuggery.

All the negativity in Italy, which we see being coached into their youth sides, means that when a quality goal-scorer does emerge his gifts are going to be sharper than ever before. That was why, when Italy managed to create only five chances against West Germany, it scored three times. Contrast that with the way Brazil created 62 attempts against the Italian defense and managed to score only twice and you have an impression of what makes an Italian goal-scorer so special.

Rossi, who scored six times in the cup's last three games, has a finish that can kill off another team the way a bullet can take a life. And his nation responds to him in a manner that is frightening and disproportionate.

Here is a young man already rich in his mid-20s. Here is an athlete doing his job, receiving a small fortune in return and yet being offered free shoes for life by a manufacturer in Vigevano for doing just that. Doubtless the manufacturer expects to capitalize on Rossi's fame, yet his apparent generosity is symptomatic of the nation's obsession with a lone goal-scoring figure.

It is hardly fair to Rossi that we should expect nothing from him but the demanding knack of placing a soccer ball between goal posts. He is more than a poacher. For example, the second goal that Italy scored against Germany brought a total reversal of the roles of virtually half the team.

Conti began it with a tackle in his own half and Rossi was close by him to win the ball. Two forwards doing the defenders' job — so where were the defenders? Three of them at least were breaking forward to score the goal. Giuseppe Bergomi, 18, had raced down the wing and with him Giacinto Scirea, whose job as sweeper is normally to be the last man in defense. From his pass, Marco Tardelli was to score the goal with a left-footed shot from 20 yards.

That movement was the concept of the modern game, which normally Brazil and only a few others explore. It was also a vindication of the Bearzot's claim that he seeks not destruction from his team, but creation.

Perhaps it was a goal that was worth every cent of the \$300 a man from Detroit had paid in the streets for a ticket. If that were a true reflection of the final, we would be wrong to doubt the impact the Italians would have on the game.

Yet we cannot ignore that here was a World Cup final, played before a TV audience of a billion people, that was nasty and giggling and negative until Italy scored its first goal. What are the coaches around the world to make of a system that contains beauty and enterprise but blocks it out until, as in this final, it is sure that it has exhausted the other side?

Before this World Cup began Edmondo Fabbri, who had been Italian manager when the team

was humiliated at the 1966 World Cup, had warned: "Bearzot must be fired, or there will be disaster in Spain."

Who knows? Perhaps, in Bearzot's triumph, there has been a disaster for the game's future. But Bearzot was looking elsewhere. At his post-match press conference he was asked whether he would retire now that he had survived the acrimony of his nation's media and won the ultimate prize.

"If you cannot read it in my face, I can tell you this is really the most beautiful day in my life. Please give me some days of rest, some recuperation, before I have to tell you what I will do with my future." I hope he stays.

Myth?

I hope so because at long last he seems to be getting through the sterile attitudes of his nation's soccer. I hope he will coach them to believe in the attacking side of the game. And I hope they emerge as pure as the shirts they wore throughout the 1982 cup — the only shirts among 24 nations' that were not disfigured by the advertising symbols of sponsors.

There is one Italian who was disappointed in this World Cup, and he makes possibly the most important statement from his country now that the tournament is finished.

The man is Heleno Herrera, the father of the predominantly defensive Italian soccer style, who says: "The only encouraging feature has been the Third World's emergence. I believe an African team will win the World Cup within eight years."

As Herrera said that, one's eyes strayed to an Italian banner in the corner of the stadium, which read: "Destroy the Myth" — the myth being that Italian soccer is sterile.



Italy's Gabriele Oriali went after Osvaldo Ardiles while Francesco Graziani went after the ball.

Indiana's Turner and a Beau Geste from Boston

By Dave Anderson

New York Times Service

NEW YORK — When the phone rang at his Indianapolis home, Landon Turner reached over from his wheelchair and answered it.

"Have you heard?" asked his caller, a local radio sports announcer.

"Heard what?" asked Turner, the 6-foot-10-inch forward on Indiana's 1981 national championship basketball team who has been paralyzed from the chest down ever since an automobile accident nearly a year ago. "Have I heard what?"

"The Celtics drafted you in the 10th round."

Turner soon had more phone calls, each confirming that last week the Boston Celtics indeed had used the last selection of the National Basketball Association draft, the 225th choice overall, to take him.

Telegram

The next morning he sent a telegram to Red Auerbach, the Celtics' president and general manager.

"You really made my day, thanks a million," it read. "When do I report for tryout?"

More important than reporting for a Celtic tryout, Turner is expected to report to classes next month at the University of Indiana where he intends to complete his degree in physical education. He also hopes to be driving a van with special controls.

"When he gets his degree," said Bobby Knight, the Indiana coach, "I'd like to see Landon be a counselor in our athletic department. After all the trouble he gave me, he'd be a great counselor for other kids."

Knight was trying to sound as ornery as he's supposed to be — and sometimes is.

"The first I knew about the Celtics drafting Landon," he said, "was when my wife came over to tell me at my basketball camp. I thought it was a beautiful thing. And at the risk of ruining Red Auerbach's reputation for being crusty, he's really one of the classiest people in sports."

At the risk of ruining Knight's reputation, Auerbach had another version.

"I wasn't my idea," Red Auerbach said from the Celtic offices. "It came up in a conversation."

About a month ago, according to Auerbach, he and Bill Fitch, the Celtic coach, were sitting with Knight at a NBA instructional camp in Chicago for about 50 draft-eligible players.

"It's a shame Landon Turner couldn't be here," Knight said. "He had a chance to be the best player in the country last season. . . . He would've been the best senior last season for sure," Auerbach said.

"And he would've been one of the first five players taken in this draft, depending on what the teams needed."

"Wouldn't it be nice," Knight said, "if some team were to draft him anyway?"

Auerbach glanced at Fitch; they said later that, unlike the National Football League, a late-round NBA choice seldom makes the team.

In last week's draft, five teams didn't even bother to select a player in the last round.

Fitch said, "I'm not ready for the pros," Turner said. "You know I'm not ready for the pros."

"You're not ready to play here either," the coach said.

Turner stayed at Indiana but he continued to perplex the coach. Every so often Knight would snap, "If you're not going to play the way you can, turn in your uniform."

In a game against Northwestern during his junior year, he was benched after what Knight remem-

bered as "a couple of dumb plays in the early minutes." But when the 240-pound forward finally returned in the second half, he played well.

"Now that you've done it," Knight challenged him later, "are you going to keep doing it or revert to the way you were playing?"

No Reversion

Turner did not revert. When the Hoosiers won the NCAA title, the All-American guard Isaiah Thomas, the 6-9 center Ray Tolbert and Turner were considered to be their three best players.

Turner was Indiana's high scorer with 26 points in a 64-49 rout of Louisiana State in the semifinals; he contributed 12 points to the 63-50 victory over North Carolina in the championship game.

Thomas and Tolbert soon joined the NBA while Turner loomed as the cornerstone of last season's Indiana team — until the accident. "I'm lucky that my spinal cord wasn't cut, just one-eighth of it was bruised," he said over the phone. "I'm lucky I can use my arms and hands."

Turner attended many of Indiana's weekend home games on the Bloomington campus last season after being driven down from Indianapolis, but this season he'll be there again, as a student in a wheelchair and a Boston Celtic draft choice.

"The NBA," said Turner, "was my dream."

"We'll draft him," Auerbach said.

"Consider it done," Fitch said. So Turner was selected by the Celtics as the last choice in the last round. But not everybody accepted it for what it was — a thoughtful gesture.

Some traditionalists wondered if Auerbach wasn't making fun of the draft's late rounds.

And some cynics wondered if maybe Auerbach secretly knew that Turner somehow was about to step out of that wheelchair and suddenly emerge as the latest Celtic folk hero.

There's little hope that Landon will ever play basketball again," says Dr. Hank Frazier, the Indianapolis neurosurgeon who has treated him. "I think he's accepted that. He's told me, 'I think this is the way I'm going to be.'"

Two years ago, ironically, Knight had suggested that Turner declare himself eligible for the NBA draft. At the time the Indiana coach was annoyed at the sophomoric inability to fulfill the potential the coach had observed while scouting him at Indianapolis Tech High School. For two seasons the youngster had kept making the same mistakes.

"Go play in the pros," Knight told him.

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Weaver-Cobb Bout July 25

The Associated Press

NEW YORK — Mike Weaver will defend the World Boxing Association heavyweight championship against Randy (Tex) Cobb July 25 at Caesars Palace in Las Vegas, it was announced late Monday.

Landon Turner

When do I report?

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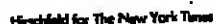
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Grandfather's Time

© New York Times Service

The New George C. Scott

'Aging Ham Actor' Pokes a 'Little Revelry' at Himself



during the entire run of this play," he says. "I've been in plays where I've drunk, and it doesn't work very well. You're not at your best, you're not doing your job, and I've reached the point where I can take the disappointment and grief without resorting to dropping a sixth of vodka every night."

The Australian Broadcasting Tribunal has banned a television commercial based by a Sydney advertising agency that features Ronald Biggs, Britain's fugitive Great Train Robber. For a \$10,200 fee, Biggs was filmed in his Brazilian hideaway saying he appreciates a good cup of coffee. "When you're on the run, like me," the tribunal, a radio and television watchdog authority, says Biggs is a criminal and unsuitable for television promotions. Biggs was convicted and jailed for participating in the \$7.2-million robbery of a mail train outside London in 1963 but later escaped to Australia. He finally fled to Brazil, where he has successfully avoided extradition to Britain.

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